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## Concern Tinges Joy in Taiwan

### Looking for Frontier of Taipei's New Political Maturity

By Nicholas D. Kristof  
*New York Times Service*

TAIPEI — After 38 years of authoritarian rule and a smoldering propaganda war with the Communist government in China, Taiwan brims with expectations of greater democracy and renewed contacts with the mainland.

In the last few months alone, the government here has lifted martial law, abolished most foreign exchange controls, permitted the publication of some mainland literature and allowed direct visits to Hong Kong, which many residents of Taiwan use as a stepping-stone for surreptitious visits to China.

The government also says it plans to allow residents to visit relatives on the mainland, to lift many restrictions on newspapers and to legalize new political parties.

The plans seem to reflect a new maturity in Taiwan, which is still largely governed by the remnants of the Nationalist forces that fled to the

island after being defeated by the Communists on the mainland in 1949. Almost everyone now recognizes that the Communists will not be defeated on the battlefield. People say democracy may be a more effective weapon.

"This is a kind of counterattack on the mainland, a political assault rather than a military one," said John H. Chang, the deputy foreign minister, in an interview. "We will definitely have a big impact on mainland China. The people there will see what is happening on Taiwan, and they will demand the same from their government."

Yet if there is a smugness at the thought of complicating the lives of officials in Beijing, there also is apprehension at what the new openness will do to Taiwan.

Already a major Taipei newspaper has defied the government by sending two reporters to the mainland before the travel ban is lifted. And al-

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UNREST CONTINUES — An Israeli soldier blocks the path of a Palestinian woman Tuesday at a refugee camp near the town of Ramallah on the West Bank in the seventh day of unrest in the Israeli-occupied territories. In East Jerusalem, the police fired tear gas to break up a crowd throwing rocks near a high school.

## Kiosk

### Haiti Candidate Shot and Killed

PORT-AU-PRINCE, Haiti (AP) — A Haitian candidate for president was shot and killed Tuesday in a political assassination. The victim, Yves Volé, a 42-year-old political prisoner, was shot in the head by a gunman in a crowd of supporters. He was a candidate in the upcoming presidential elections.

## Car Bomb in Harare

HARARE, Zimbabwe (UPI) — Two anti-apartheid activists were among four persons seriously injured Tuesday in a car-bomb explosion at a Harare shopping complex, officials said. The victims were identified as Jeremy Brickhill and his wife, Joan.



AH Landon is dead in Kansas at 100. Page 2.

## Arias Wins Nobel Prize For 5-Nation Peace Bid

By Serge Schmemmann  
*New York Times Service*

OSLO — President Oscar Arias Sánchez of Costa Rica, the driving force behind the regional peace plan signed by five Central American countries two months ago, was awarded this year's Nobel Peace Prize on Tuesday.

The Norwegian Nobel Committee cited Mr. Arias, who was elected Costa Rica's president only last year, for his "outstanding contribution to the possible return of stability and peace to a region long torn by strife and civil war."

The citation described him as the "main architect" of an accord signed Aug. 7 by Nicaragua, Guatemala, Costa Rica, El Salvador and Honduras to resolve various internal conflicts.

The selection of Mr. Arias and the explicit endorsement of what has become known as the Guatemala accord constituted a potential setback to President Ronald Reagan's efforts to secure congressional approval of a further \$270 million in military and humanitarian aid for the contra, the U.S.-backed guerrillas fighting the Sandinist government in Nicaragua from bases in Honduras.

The Guatemala plan, whose signatories include the Sandinists, specifically bars outside assistance to guerrillas and their use of foreign territory.

The plan set a deadline for cease-fires in all regional conflicts and called on the governments to open dialogues with "unarmed oppositions," which would exclude the contra.

It further obligated the governments to release political prisoners, to lift restrictions on the press and on political organizations and to organize regular free elections.

Since the agreement, Nicaragua has declared a month-long unilateral cease-fire in three provinces, has loosened press censorship and has released some prisoners. Guatemala has opened peace talks with rebel leaders in the first formal effort to end that country's 26-year struggle. The other on-going insurgency is in El Salvador.

Reports from Costa Rica said

Mr. Arias was awakened with the news of the award by a local reporter.

"I am happy, immeasurably happy about this news," he was quoted as saying. "I have no idea what the committee based the decision on. As an individual I have not earned this prize. I believe that the academy intended the prize for Costa Rica, the people of Costa Rica."

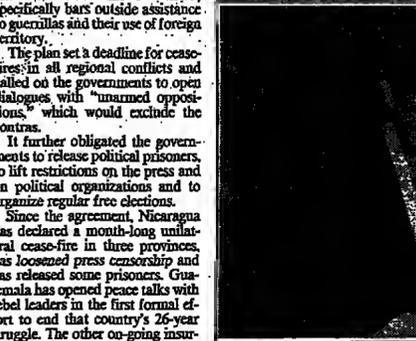
Unlike many of their neighbors, Costa Ricans enjoy a functioning democracy and broad civic freedoms.

Egil Aarvik, the chairman of the Norwegian Nobel Committee and a former president of the Norwegian parliament, said that while the committee was not seeking to make a political statement with its selection, it did hope that the prize would contribute to the peace process in Central America.

The endorsement of an on-going political process was not without precedent in the history of Nobel Peace Prizes, although not every effort so recognized has succeeded.

Past recipients in this category would include Willy Brandt, who was rewarded for his efforts to build détente with the East while serving as German chancellor.

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Oscar Arias Sánchez at the United Nations last year.

## U.S. Won't Permit an Expanded Gulf Role

By Molly Moore and David B. Ottaway  
*Washington Post Service*

WASHINGTON — U.S. officials confirmed Tuesday that the military command in the Gulf had raised the issue of extending its protection to non-American ships threatened by Iranian attacks, but the officials said the suggestion had been rejected.

There's been no change in our policy," said the principal White House spokesman, Martin Fitzgibbon. "U.S. forces are there to protect U.S.-flag ships and in some cases ships carrying U.S. military materiel."

According to Western sources, Rear Admiral Harold J. Bernsen, commander of the U.S. Middle East Task Force, had asked for greater latitude to strike at Iranian gunboats if any merchant ships under attack in the Gulf called for assistance.

Sources in the administration of President Ronald Reagan said privately that the U.S. military commanders in the Gulf had been raising a series of questions about the current "rules of engagement," such as what action they should take if they encountered "a ship in need" that is U.S.-operated but flying a Panamanian or Liberian flag.

Another question involves the rules governing "hot pursuit" of Iranian speedboats caught in the act of attacking or of laying mines in international waters, according to administration sources.

Three U.S. helicopters last Thursday night fired machine guns and rockets at four Iranian gunboats near Farsi Island after they were fired upon, according to the Pentagon. One was sunk and two others were captured, but the fourth escaped, the Pentagon said.

On Tuesday, the Pentagon spokesman, Fred S. Hoffman, took issue with a news report that it was an armed helicopter gunship, and not an unarmed observation helicopter, that the Iranians had initially fired upon.

He said the Pentagon's initial reports were correct, an assertion disputed by other Defense Department sources, who said the craft were special operations MH-6B helicopters, which are heavily armed.

## Pakistan Rejects More Assurances to U.S. on Atom Program

By Michael Getler and Richard M. Weintraub  
*Washington Post Service*

ISLAMABAD, Pakistan — Prime Minister Mohammad Khan Junejo has ruled out any further assurances to the United States on Pakistan's nuclear program as a way to overcome obstacles to continued U.S. assistance.

"We gave commitments at an earlier stage, and as an elected government I will only go further" to the extent that India, Pakistan's archrival, also is included, the prime minister said in an interview this week. His comments underscored the defiant mood in Pakistan to the U.S. law that blocks aid to a country found to be developing nuclear weapons.

"It must be made clear that Pakistan can't be singled out on this issue," Mr. Junejo said.

The United States has suspended its \$4 billion, six-year aid program to Pakistan because of a procedural tangle in Congress and Pakistani nuclear developments. Washington now faces long-term decisions on whether to revise its approach to nuclear nonproliferation laws or risk a wider break with Pakistan by cutting assistance.

The administration of President Ronald Reagan and some members of Congress argue that the future of the Afghan resistance against Soviet troops would be jeopardized by an aid cut because the military supply effort to the rebels is widely assumed to be carried out through Pakistan.

Mr. Junejo insisted in the interview, however, that Pakistan's policy on Afghanistan is a separate issue from the U.S. aid program.

In the interview, the prime minister made these other points:

- He spoke warmly of the changed Soviet attitude toward Pakistan and toward ending the eight-year Afghan war.
- He said Pakistan was in contact with a key figure in a case involving alleged Pakistani attempts to buy nuclear-related materials in the United States.
- He suggested that India was behind Pakistan's current troubles with the United States over the nuclear issue.
- He acknowledged that recent bombings in Pakistan had created new pressure on his government to place restrictions on the three million Afghan refugees now living in Pakistan.
- The nuclear issue has placed an unusual strain on relations between the United States and Pakistan in recent months, after years of growing ties following the Soviet intervention in Afghanistan. Pakistan's nuclear program has been an issue of contention throughout the period, however, because of the U.S. law linking aid to nonproliferation.

In the past, Pakistani officials have given assurances that they are not developing an atomic program.

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## Iran Hits School in Baghdad

Powerful Missile Leaves 32 Dead, Over 200 Injured

By Patrick E. Tyler  
*Washington Post Service*

DUBAI, United Arab Emirates — An Iranian missile warhead smashed into a central Baghdad schoolyard Tuesday, killing 29 children and three adults and wounding more than 200 people in the area, according to Iraqi officials and Western diplomats.

Iran's Revolutionary Guards Corps said in a statement from Tehran that the missile was fired at Iraq's Defense Ministry compound in retaliation for Iraqi bombings of civilian targets in Iran, including an attack Monday on a school in a village in Lorestan Province.

The missile, presumably a long-range weapon of the type Iran has purchased from Libya, fell 12 miles (20 kilometers) from the Defense Ministry.

Iraqi officials did not allow the release of the precise location of the school under a policy designed to prevent Iran from learning the accuracy of its missile strikes.

Iraqi officials said at least 98 people were seriously wounded by the explosion, which destroyed 30 houses and blew out windows in hundreds of houses and buildings within a mile of the school.

Iraq's military command issued a harsh warning after the attack, saying Iran "wanted a war of the cities, so let it be."

"Iraq's patience has run out and it has become our right, but also our duty, to reply to this ugly crime," it said.

Iraqi officials allowed 50 foreign diplomats and journalists to view the destruction. It was the fourth Iranian missile attack in eight days, and it appeared certain to draw retaliatory bombing raids by the Iraqi Air Force on Iranian economic and civilian targets.

The missile struck at 7:55 A.M. as 650 elementary pupils were preparing to enter classes at the Palace of the Martyrs School.

Reuters reported from Baghdad that the school grounds looked like an earthquake zone and that other witnesses had said the school building collapsed, sending a huge cloud of dust and smoke into the air over the city.

The school's principal, Ismail Geitan Jassin, who was 300 feet (90 meters) from the impact site, went to an emergency team searching for bodies.

"I collapsed," he said describing the moment of impact, "and when I got up it looked like a battleground, an earthquake. Everything was rubble."

The timing of the attack appeared certain to further inflame the Gulf War as both sides prepared for the annual rainy season offensives along their 700-mile frontier.

In the Gulf on Tuesday, an Iranian missile was fired from the Persian Gulf.

See GULF, Page 2

## Ukrainian Miracle Perplexes Communists

### Sightings of Virgin Mary Draw Pilgrims, Give Surge of Energy to Church

By Felicity Barringer  
*New York Times Service*

TERNOPOL, U.S.S.R. — "Yes, I saw it, around there," said the young man, standing in the courtyard of the Church of the Nativity and pointing up. "It was a mist — well, more of a shadow, something dark" that flickered along the gray stones of the wall.

The evanescent figure, he believed, was the Virgin Mary.

He was not the first. A blossoming of reported sightings of the Virgin, usually silent and usually glowing, drew 100,000 visitors to the religiously fertile soil of the western Ukraine last spring and gave a surge of energy to the Ukrainian Catholics, the Eastern Rite Catholics who make up the largest underground church in the officially atheist Soviet Union.

The sightings also presented Soviet Ukrainian officials with a particularly knotty problem: how to deal with the distressingly real consequences of a miracle associated with a church that, officially, no longer exists.

According to reports in official and unofficial Soviet publications, the series of miraculous visions started in mid-May, in the small village of Grushevo in the Lvov region. A girl, surprised at seeing a light in a long-closed church, looked inside and saw a shining female figure surrounded by radiant light and carrying a child.

The officially approved Orthodox Church, like the Ukrainian Catholic Church, reveres the Virgin Mary, but it lacks the Catholic tradition of considering her an intermediary between a simple man and his god. Religious visions are clearly linked with Catholicism.

Catholicism, at least in the form that the Ukrainians practice it, with Byzantine rites and the Slavonic language, officially ceased to exist in the Soviet Union in the first decade after World War II, when Stalin dismembered the church.

The series of reports of an apparition of the Virgin Mary was but one of the recent stirrings of the Ukrainian Catholics.

When the Ukrainian Catholic leader, Iosip Terelya, was permitted to leave the country in August after having been released from a labor camp, he delivered to Pope John Paul II an appeal by two men who identified themselves as bishops in the underground church, asking papal support.

The Vatican has issued no official response.

The Soviet Constitution, although declaring atheism the official state belief, permits established churches to conduct their religious affairs. But for the Soviet Government, the Ukrainian Catholics exist only in diaspora, so the provision would not apply.

Researchers at Keston College, a British institution that keeps track of religious issues in the Soviet Union, estimate that there are as many as three million Ukrainian Catholics.

What is a good Communist of 1987 to do, when his neighbors, his neighbors' neighbors and visitors from as far away as Soviet Georgia and Central Asia gather in his district waiting for a miracle with distinctly Catholic overtones?

According to people interviewed in Ternopol and press accounts in Moscow News and Literaturnaya Gazeta, some of the worshippers come bearing money, others bring gifts and others simply bring votive candles and the hope that a sick child would get well, a son would survive a tour in Afghanistan or a drunken son-in-law would mend his ways.



NEW CHARGES — Ernest Saunders, Guinness PLC's former chairman, left a London court after being charged with 37 new counts in the Distillers takeover battle. Page 15.

## Gorbachev Vows He'll Remove Foes

MOSCOW — Mikhail S. Gorbachev vowed Tuesday to drive his opponents out of office but said he was not planning a Chinese-style Cultural Revolution.

"I do not want to be understood as if I am issuing calls in the way that was done during the 1966-76 Cultural Revolution in China, to open fire on the headquarters," Mr. Gorbachev, the Soviet leader, said at a public meeting in Leningrad.

"No, comrades, that would be a mistake," he said. "It is simply a question of those cadres who cannot reconstruct themselves and who do not take to heart the ideas of restructuring and who in essence are standing in the way of restructuring."

Mr. Gorbachev, whose remarks were broadcast on Soviet television, recalled that he had visited Leningrad shortly after his election as general secretary of the Communist Party in March 1985 and had made clear then his determination to renew Soviet society.

"Two and a half years is a long enough time," Mr. Gorbachev declared. "We were tolerant and democratic. But those who continue to wait must go. I mean the people who head work collectives, districts and cities."

And he added: "It is very important for us that the mechanism of the country's administration, the new principles of the functioning of all spheres, above all the economic, do not break down."

"All the opponents of the restructuring use this in order to discredit the restructuring."

# Conservatives Press Reagan to Rebuke Soviet on Arms Treaty

By Michael R. Gordon  
New York Times Service

WASHINGTON—Some conservative Republican senators are pressing the Reagan administration to reach Moscow of a new arms-control violation, the opening salvo in their campaign to block approval of an emerging agreement to ban medium- and short-range missiles.

The senators, most of whom have been consistently critical of President Ronald Reagan's moves to reach arms-control accords with the Russians, have indicated that they would like to use the charge to dramatize their assertion that the Russians cannot be trusted. The latest allegation is that the Soviet Union has violated the 1972 Anti-Ballistic Missile Treaty.

Administration arms-control officials met Friday to discuss the position of the senators and to assess intelligence reports about the issue, which concerns the purported deployment of mobile ABM radars.

The issue is potentially difficult for the administration, which in the past has lodged numerous charges of Soviet violations of arms-control treaties. But the administration is now actively working to ensure that the emerging treaty, once it is signed, will be approved by the Senate.

Secretary of State George P. Shultz and Soviet

leaders are expected to work out final issues on the new treaty when Mr. Shultz visits Moscow next week. The pact is expected to be signed when Mikhail S. Gorbachev visits the United States later this year.

Administration officials say the developments involving the purported ABM radars are of more political than military importance. Government officials are sharply divided about the validity of the charge and some say that it is premature to charge that there has been a breach of the 1972 treaty.

The effort by the senators is being led by Jesse Helms, Republican of North Carolina. He and 19 other senators sent a letter to Mr. Reagan last month asking that the administration provide a report to Congress by December discussing the matter.

"We believe that it would be unwise to sign any new agreement with the Soviet Union until the official report has been sent to Congress on the purported new violation," the letter said.

"This is the opening salvo," said an aide to Mr. Helms, who added that the senator was determined to make the purported violation an issue even if the administration does not submit its report soon.

At issue is the significance of intelligence reports about two old radars that have been seen at an electronics installation near Kiev, in the Ukraine. According to administration officials, some of the

conservative senators have privately raised the concern that the radars have been deployed in violation of the ABM treaty, which restricts the testing and deployment of anti-missile systems.

Some arms-control supporters challenge the veracity of the charge and assert that the conservatives are trying to sabotage the new arms agreement and undermine the ABM treaty.

"It is a clear attempt to exaggerate a minor Soviet military program which past administration's have examined and concluded is not a violation," said James P. Rubin, assistant director of the Arms Control Association, a private group.

The debate concerns two types of old, transportable Soviet radars that may be capable of performing anti-missile functions. The two types of radars, which have been dubbed Pawn Shop and Flat Twin by intelligence experts, were first observed 15 years ago.

Several have been kept at the Soviet Union's ABM test ranges at Sary-Shagan in Kazakhstan and on the Kamchatka Peninsula in the Soviet Far East.

The Reagan administration has cited these radars as a potential violation of the ABM treaty's ban on the development and deployment of mobile ABM radars. But the administration has also said the evidence is ambiguous.

If the Soviet Union is involved in an effort to build a nationwide missile defense system, it would need hun-

dreds of such transportable radars, or perhaps more, some government officials say. Moreover, the radars at the test ranges are based on old technology, and some officials say a defensive system would require more modern mobile radars.

Last year, the State Department confirmed reports that most of the old radars had been removed or dismantled.

But now the United States has received intelligence reports that one Flat Twin and one Pawn Shop radar have resurfaced at the electronics installation near Kiev, administration experts say. This has reopened the issue.

Some officials said the radars appeared to be undergoing a modification and were not operational.

"We know that they are not configured as they were at Sary-Shagan," a government expert said. "We don't know what that means."

Civilian officials at the Pentagon and some hard-liners at the Arms Control and Disarmament Agency are said to be urging the administration to accuse the Russians of violating the ban on mobile ABM radars. Some State Department and other officials are said to take the view that the administration does not have a firm basis to charge the Russians with a violation.

"Nobody knows exactly what is happening," a government expert said. "That's why this whole thing is so premature."

## WORLD BRIEFS

### Lhasa Reported Calm After Protests

BEIJING (Reuters) — Western diplomats said Tuesday that Lhasa remained calm following recent independence protests, but a Tibetan government official said journalists were not allowed to gather news by telephone.

The Tibetan capital was still being heavily policed but no fresh clashes had occurred by Monday evening, a diplomat in contact with Lhasa said. Chinese measures to restrict the numbers of foreigners entering the city, which is officially open to the outside world, appeared patchy, he added. China has said about 50 foreigners were directly involved in the anti-Chinese riots Oct. 1 in which Tibetan sources said 19 people were killed. Beijing officials said six died. Chinese travel officials have told Lhasa hotel managers that tourists not part of an organized group will have to leave, and travelers and journalists have been refused air tickets to Tibet.

### Barschel's Brother Suspects Terrorists

BONN (Reuters) — The brother of the West German politician, Uwe Barschel, forced from office in a political scandal, said on Tuesday that he might have been murdered by terrorists.

Elke Barschel told West German radio that a mysterious informant who met his brother, the former premier of the state of Schleswig-Holstein, shortly before his body was found in a Geneva hotel Sunday, could have been a decoy for urban guerrillas.

Mr. Barschel's family have said the politician had come to Geneva to meet an informant called Robert Roloff, who is said to have promised to produce a photograph proving a conspiracy behind the scandal that forced Mr. Barschel to resign last month. The Geneva police said that a preliminary autopsy showed heart trouble might have caused his death but added they had not ruled out suicide or murder. Family members said they believe he was murdered.

## Chaumet Affair Touches French Justice Minister

By Barry James  
International Herald Tribune

PARIS—The scandal surrounding Chaumet & Compagnie, the high society jeweler, touched the French government Tuesday, with the Justice Minister, Alain Chalon, starting a libel action against Le Monde for accusing him of keeping a secret cash account with the bankrupt Parisian firm.

Le Monde said Chaumet had acted as an illegal banker, taking money from clients under the pretext of fictitious jewelry transactions and enabling them to evade taxes and, possibly, to export capital illegally. The newspaper also quoted a senior but unidentified magistrate as saying some accounts may have been used in cash laundering operations.

Mr. Chalon dismissed the allegation that he kept a secret account with Chaumet as a "political maneuver" orchestrated by his Socialist opponents.

In interviews with the newspapers Le Figaro, France-Soir and Liberation, Mr. Chalon acknowledged that since 1972 he had an account with Chaumet on which interest was paid. But he said this was connected with the buying and selling of jewelry, and that all interest had been correctly declared to the tax authorities.

Le Monde, in a subsequent story, said that Mr. Chalon's declarations served to substantiate its allegation against him.

The newspaper said Mr. Chalon not only had concealed his relationship with the company but that his double role as justice minister and creditor had created a conflict of interest.

Jacques and Pierre Chaumet, the brothers who formerly controlled the jewelry company on the Place Vendôme, filed for bankruptcy on June 11 with debts of about 1.8 billion francs (\$300 million).

They were jailed two days later on charges of fraud and breach of trust, and on Monday they were ordered held for a further two months while investigations continue. The charges were connected with the alleged use of creditors' assets for financial speculation and to conceal the company's bankruptcy.



Albin Chalandon, the French minister of justice.

He is judge, as titular head of the department in charge of investigating the Chaumet brothers, and plaintiff in his position of a private person seeking to recover the unpaid amount of his credit, estimated at 6.3 million francs, it said.

Citing documents seized at the time of the bankruptcy, Le Monde said the Chaumet brothers had turned the company into a "hidden bank," taking loans from Mr. Chalandon and 73 other people, and paying interest as high as 14 percent. It added the brothers had been acting as bankers to some of their clients since 1982, when they first began having financial difficulties.

A communiqué issued by the Ministry of Justice said the articles in Le Monde followed questions raised in parliament by Edith Cres-

## NUCLEAR: Rejection by Pakistan

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weapon, and the Reagan administration has consistently waived the aid restriction. But a new controversy arose recently following published accounts of private U.S. assessments of Islamabad's nuclear program, statements by top Pakistani scientists and the arrest of a Pakistani in Philadelphia this summer on federal charges of trying to buy a type of steel widely used in nuclear programs.

It is believed that Pakistan has developed most or all of the components of a nuclear device but has not assembled one. India exploded a nuclear device in 1974. Both countries maintain that their nuclear programs are only for peaceful purposes.

Mr. Junjo said he had investigated the Philadelphia case, involving Arshad Pervez, and concluded that "Pakistan had no hand in it at all." He said the steel "which was to be exported to Pakistan" could have been purchased in other countries.

"Why should I go to the United States and create a problem for myself?" Mr. Junjo said. "Common sense says we would not go and create an issue when we are already under a difficult situation."

As a result, Mr. Junjo said he and his advisers believed that India was behind a plan to disrupt U.S. aid to Islamabad. Indian officials have denied any involvement.

Mr. Junjo said his government knew the whereabouts of a former brigadier general in the Pakistani Army, Inam ul-Haq, who is widely believed to have been Mr. Pervez's contact in Pakistan. But, he said, he would not reveal General ul-Haq's version of events until he received documents on the case requested two months ago from the United States.

U.S. officials are believed to be eager to question the general.

Mr. Junjo said that ultimately Pakistan could survive a cut in U.S. aid. "We hope we will succeed, but if it is going to be otherwise, we have to draw a new line," he said. "That new line," he added, means that Pakistan needs "to generate our own good resources."

"We have the capability to meet our requirements," Mr. Junjo said.

And he added that even if aid were cut off Pakistan's policy toward Afghanistan would not be changed.

"There was no U.S. aid to Pakistan in 1979 when the Afghans first came," he said. "We will pursue our policy on Afghanistan. That is very clear."

## Sithole Says U.S. Will Deport Him

WASHINGTON (LAT) — Ndabingani Sithole, a former African revolutionary who sought political asylum in the United States to promote private enterprise as the cure for Africa's political troubles, says the U.S. government has decided to deport him.

Mr. Sithole, founder of the Zimbabwe African National Union, a major black nationalist faction now led by Prime Minister Robert Mugabe, said he would be allowed to appeal the decision. In an interview, Mr. Sithole said that if he were forced to return to Zimbabwe, "it would be like returning to imprisonment or returning to the grave."

Mr. Sithole, 68, fled Zimbabwe in 1984 after surviving several assassination attempts. He has been living in the United States since 1985; a State Department spokesman declined to comment on Mr. Sithole's case.

## Kohl, Gorbachev Meeting Planned

BONN (Reuters) — West Germany and the Soviet Union have agreed in principle that Chancellor Helmut Kohl and Mikhail S. Gorbachev should meet, a Kremlin official said Tuesday.

Andrei F. Dobrynin, a Gorbachev foreign policy adviser, gave an optimistic picture of Moscow-Bonn relations at a news conference at the end of a six-day visit to West Germany.

Mr. Dobrynin, the former Soviet ambassador to Washington, toured West Germany as a guest of the opposition Social Democratic Party. He also met with Mr. Kohl and Foreign Minister Hans-Dietrich Genscher for talks focusing on arms control. Mr. Dobrynin said: "The chancellor and I discussed a possible German-Soviet summit. This is on the agenda, but no concrete timetable was mentioned."



Anatoli F. Dobrynin at the news conference in Bonn.

## Alf Landon, 1936 Loser to Roosevelt, Dies at 100

The Associated Press

TOPEKA, Kansas — Alf Landon, the former Republican governor of Kansas whose presidential hopes were swamped in Franklin D. Roosevelt's landslide in 1936, died Monday, he was 100.

He displayed the same sense of humor a month after the election, when as the outgoing governor of Kansas, he addressed the Gridiron Club, an organization of Washington newspapermen.

"If there is one state that prepares a man for anything, it is Kansas," he said. "The Kansas tornado is an old story. But let me tell you one. It swept first the barn, then the outbuildings. Then it picked up the dwelling and scattered it all over the landscape."

"As the funnel-shaped cloud went twisting its way out of sight, leaving nothing but splinters behind, the wife came to, to find her husband laughing."

"She angrily asked him, 'What are you laughing at, you darned old fool?'"

"And the husband replied, 'At the completeness of it.'"

Roosevelt, running for his second term, won 57,747,636 votes to 16,679,543 for his Republican rival. Mr. Landon received 8 electoral votes to Roosevelt's 523.

The plurality of 11,068,093 in the popular vote stood as a record until 1964, when with 30 million more voters President Lyndon B. Johnson defeated Barry M. Goldwater by 15,948,746 votes. Even so, the Arizona Republican carried six states with 52 electoral votes.

Mr. Landon could bear his defeat with equanimity partly because he had had no real hope of winning and partly because he did not fear for the future of the nation, as did many of his fellow Republicans, if Roosevelt was re-elected.

Throughout his life Mr. Landon was a member of his party's liberal wing. As governor of Kansas he endorsed many of the most controversial aspects of the New Deal. He respected and admired Roosevelt.

## NOBEL: Arias Wins Prize

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chancellor of West Germany; Henry A. Kissinger and Le Duc Tho for the ill-fated Vietnam peace accord; and Anwar Sadat of Egypt and Menachem Begin of Israel for the peace pact they signed.

What was unusual about this year's award, however, was that Mr. Arias was rewarded for achievements that were made after the Feb. 1 deadline for nominations. Mr. Aarvik acknowledged that unlike most past laureates, the Costa Rican president was nominated by only one person, a Swedish parliamentarian.

Mr. Arias, 46, held his first meeting with the leaders of Guatemala, El Salvador, Honduras and Nicaragua shortly after he was elected president last year.

The initial discussions centered on proposals made by the so-called Contadora group of South American governments, but early this year Mr. Arias called a new meeting at which he submitted his own plan, which led to the agreement signed in Guatemala on Aug. 7.

## TREATY: Central Americans Move on Peace Plan but Uncertainties Remain

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the peace plan with the thinly veiled aim of overthrowing Nicaragua's Sandinist government by military force.

So far, the main accomplishments under the peace plan have been the creation of "national reconciliation commissions" in all of the countries except Honduras, the initiation of formal peace talks between government and rebel representatives from both El Salvador and Guatemala, and a political opening in Nicaragua.

The Sandinists have restored some freedom of the press, allowed exiled church leaders to return, released imprisoned foreigners accused of counterrevolutionary activities and opened greater space for opposition political parties. They realize they cannot be seen to oppose "peace" and go against a plan that has such great international support.

The signing of the plan appeared to catch the Reagan administration by surprise. Since then, the White House has been left groping for a policy that would reconcile a political need to show some support for

## For the Record

Pierre Jagan, leader of a reformist movement in the French Communist Party, declared his candidacy Monday for the presidential election next spring, the first Communist to challenge the official nominee, Andre Lajoinie. (AP)

The United Nations General Assembly, for the sixth year, blocked Tuesday by Arab states to reject Israel's credentials. (AP)

A former political prisoner, Vladimir Titov, 49, who spent 18 years in Soviet labor camps and psychiatric hospitals, reported Tuesday that he has received permission to emigrate. (AP)

The U.S. Supreme Court let stand Tuesday the ban on landing rights for South African Airways, a key provision of the sanctions Congress imposed against South Africa to force it to abandon apartheid. (AP)

## TRAVEL UPDATE

Inexpensive drinks and gasoline in Ireland should be made available to tourists, and air fares must fall, according to a study on the tourist industry prepared for the Irish government. (Reuters)

Iran Air is to begin a weekly service between Tehran and Larnaca in Cyprus in December, the Iranian press agency IRNA said in a report monitored in Paris on Monday. (AFP)

Switzerland: on lake Geneva

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### NOBEL: Arias Wins Prize

(Continued from Page 1)

chancellor of West Germany; Henry A. Kissinger and Le Duc Tho for the ill-fated Vietnam peace accord; and Anwar Sadat of Egypt and Menachem Begin of Israel for the peace pact they signed.

What was unusual about this year's award, however, was that Mr. Arias was rewarded for achievements that were made after the Feb. 1 deadline for nominations. Mr. Aarvik acknowledged that unlike most past laureates, the Costa Rican president was nominated by only one person, a Swedish parliamentarian.

Mr. Arias, 46, held his first meeting with the leaders of Guatemala, El Salvador, Honduras and Nicaragua shortly after he was elected president last year.

The initial discussions centered on proposals made by the so-called Contadora group of South American governments, but early this year Mr. Arias called a new meeting at which he submitted his own plan, which led to the agreement signed in Guatemala on Aug. 7.

### TAIWAN: Greater Democracy, Broader Mainland Contacts Are Expected

(Continued from Page 1)

four opposition parties have been formed. In a sign that the government is willing to tolerate only so much dissent, two dissidents charged were recently with sedition for advocating that Taiwan become an independent country.

That is a heresy in both Taipei and Beijing. The only thing the Communists and Nationalists agree on is that Taiwan is an integral part of China. The disagreement is that each side regards itself as the legitimate ruler of the whole.

It is the prospect of links to the mainland that most interests people in Taiwan.

"We'll visit at the beginning of next year," said a Taipei-born secretary who has never seen the relatives of her father, who live just 400 miles (650 kilometers) away on the mainland. "My father can hardly wait."

There are complications, of course. "My mother refuses to come along," the secretary added. "She's not excited about meeting my father's previous wife on the mainland, whom he had to leave behind."

When Chiang Kai-shek retreated to Taiwan with his army in 1949, he brought with him about two million people. Almost all left relatives behind. Bo Yang, a prominent Taiwan author, said that last year he had a reunion in Hong Kong with his two daughters, whom he had not seen since 1949. Next year, Mr. Bo said, he hopes to visit them on the mainland.

Will the next step for the government be to allow sightseeing trips or even limited trade with the mainland?

"One thing at a time," said Shaw Yu-ming, the chief government spokesman. "We want to move cautiously."

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## Kidnappings Rekindle Italian Debate on Gulf

By Loren Jenkins  
Washington Post Service

ROME — The kidnapping of three Italian engineers by pro-Iranian Kurds threatened Tuesday to reopen the still simmering Italian debate over its naval presence in the Gulf.

Prime Minister Giovanni Goria, who last month ordered an eight-ship fleet to sail for the Gulf to protect Italian shipping, only last week succeeded in dampening opposition to the move by defending his actions in detail before an often hostile parliament.

New dissent arose when it was revealed Monday night that Mr. Goria's government had withheld the news that pro-Iranian Kurds were holding three Italians in exchange for an Italian naval withdrawal from the Gulf.

It took a note delivered in Beirut on Monday from the so-called National Union of Iraqi Kurds announcing the kidnapping to get the Italian Foreign Ministry and later Mr. Goria to admit that the three Italians had in fact been kidnapped in northern Iraq.

The government defended its actions on the ground that it had been conducting "secret diplomacy" to try to get the three released.

The prime minister's office said the three had been kidnapped five days ago. But Foreign Ministry statements said that one had been kidnapped a month ago and that the two others disappeared two weeks ago.

Opposition groups ranging from the Italian Communist Party to the rightist National Movement accused the government of bad faith in hiding the fact of the kidnappings during the parliamentary debate last week.

Although many members of parliament said Tuesday that the gov-

## GULF: 32 Killed in Iraq

(Continued from Page 1)

an warship attacked a Saudi Arabian tanker, the Petroship B, in the territorial waters of Dubai, according to shipping sources. The 39,115-ton tanker was on its way out of the Gulf when the Iranian frigate opened fire, slightly damaging the tanker, the sources said.

Meanwhile, a large convoy of Kuwaiti tankers flying the U.S. flag near Kuwait's oil loading terminals in the northern Gulf after a journey from the Strait of Hormuz.

The Defense Ministry in London said a British minesweeper found two mines off the United Arab Emirates port of Fujairah on Tuesday, Reuters reported.

The mineshunter Brecon located both mines on the seabed at a depth of about 300 feet using sonar equipment during a routine sweep around anchorages off Fujairah, ministry spokesmen said.

They are the first mines the British Navy has found since four of its minesweepers arrived in the Gulf last month. The spokesman was unable to identify the mines.

## British Find 2 Mines

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Compre

Reagan

AMERI

Where the...  
Yield to the Road

Short Takes

Billionaires

Handwritten signature: John... (unclear)

# 'Compressed Weeks' Lift Office Morale, but Are They Efficient?

By Judith Havemann  
Washington Post Service

WASHINGTON—Every other Friday, four attorneys and field examiners in the small Oakland, California, office of the National Labor Relations Board take the day off because they are working a "compressed week." On alternate Fridays, three other attorneys and field examiners are scheduled to stay home. Different staff members regularly take every other Monday off.

Most employees love the schedule. But is it good for the government?

Nearly 10 years after Washington began to experiment with alternative work schedules, some managers say that one popular "flexitime" choice—a day off every two weeks in return for slightly longer hours—

does little more than offer employees regular three-day weekends.

"This is not a schedule I would implement if I were an office manager," said Stanley Nollen, professor of business administration at Georgetown University.

It "does nothing whatsoever to change an employee's sense of control and responsibility," he said, adding: "It just gives the impression of more vacation, which is hardly in the spirit of dedication to a job."

Donald W. Hasbargen, a Minneapolis management consultant, said he thinks compressed work schedules can change the psychology of an office.

"A lot of time, working professionals like lawyers and engineers tend to work more hours than scheduled," he said, but a "strange psychology develops" when new routines are introduced — "that all you have to work is exactly the schedule."

Nearly 114,000 of the federal government's 2.1

million civil servants are on a work schedule called 5-4-9; it involves taking a day off every two weeks in return for adding a total of eight hours to their work days during each two-week period, according to the Office of Personnel Management.

As a result, some managers say, offices on a 5-4-9 schedule are sometimes thinly staffed on Fridays and Mondays. And the emptying out of government offices at the beginning and end of the week has at least the potential of creating bottlenecks, affecting productivity and chipping away at the work ethic. But supporters say it may improve morale enough to make up for the disadvantages.

One labor relations board attorney, who asked to remain anonymous, said he had been accustomed to working nine hours a day. When 5-4-9 was introduced, he received an extra day off every two weeks with no other change in his routine.

"Longer hours go along with a professional-type person," said Peter W. Hirsch, the National Labor Relations Board's regional director in Philadelphia. "Professional occupations have a different ethic" than jobs governed by clock-watching, he said, and among professionals there has always been a feeling "that if it's necessary to work extra hours, it goes with the territory."

Kathleen McCarthy, an attorney on the 5-4-9 schedule in the board's Boston office, sees it differently. "I disagree with the idea that we are somehow cheating because the government is not getting as many freebies as it got before," she said.

She noted that occasionally she has had a case in Providence, Rhode Island, that ended at 5 P.M. and then had an unpaid bourlong drive home. "Now I get paid," she said.

# Reagan Tones Down His Language on the Bork Nomination

By Lou Cannon  
Washington Post Service

SOMERSET, New Jersey — President Ronald Reagan on Tuesday toned down an appeal for his Supreme Court nominee, Robert H. Bork, deleting from his speech an accusation that Judge Bork has been the victim of a sophisticated campaign of smears and lies and conceding that Judge Bork would be rejected by the Senate.

Mr. Reagan's revised strategy was announced three hours after White House aides distributed the text of a combative speech the president was to make to the New Jersey Chamber of Commerce in

which he blamed Mr. Bork's plight on "a few liberal special interests" that "have declared a war of conquest on the American system of justice."

Instead, Mr. Reagan said mildly that "Judge Bork and I agree that there are no illusions about the outcome of the vote in the Senate, but we also agree a crucial principle is at stake."

"That principle," he said, "is the process that is used to determine the fitness of those men and women selected to serve on our courts — and the ultimate decision will impact on each of us and each of our children if we don't undo what has

already been done and see that that kind of performance is never repeated."

The White House spokesman, Martin Fitzwater, said Mr. Reagan would make a six- to seven-minute nationally broadcast speech Wednesday afternoon arguing Judge Bork's confirmation.

Officials said privately that the toned-down approach also reflected a desire by the White House chief of staff, Howard H. Baker Jr., to avoid a bitter and unnecessary exchange between the president and senators who oppose Judge Bork.

For the time being, at least, Mr.

Baker and other pragmatists in the White House appear to have prevailed over conservatives who wanted Mr. Reagan to make Judge Bork the symbol of an ideological confrontation.

Newspaper advertisements sponsored by We the People, a group directed by former Reagan political advisers, last week questioned the personal integrity of Senate Judiciary Committee Chairman Joseph R. Biden Jr., Democrat of Delaware, and two other Democratic members of the committee, Edward M. Kennedy of Massachusetts and Howard M. Metzenbaum of Ohio.

Mr. Reagan's only criticism of the Senate in his speech Tuesday was a comment that the Judiciary Committee hearings on Judge Bork had been "marred by distortions and innuendos."

The White House communications director, Thomas Griscom, denied that the administration was trying to "have it both ways" by making public a harsh attack and then substituting more moderate remarks.

Democrats Back a Vote

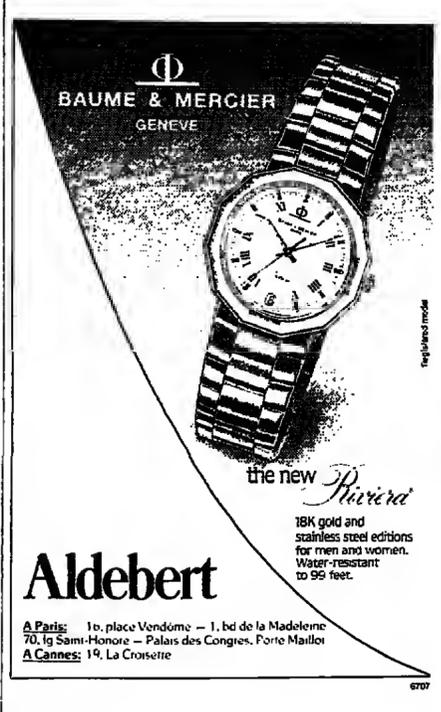
Senate Democrats proposed Tuesday an early vote on Judge Bork's nomination, forcing Repub-

licans to ask for more time even though President Reagan has called for quick action.

The majority leader, Robert C. Byrd of West Virginia, said on the Senate floor he was accepting Mr. Reagan's suggestion on quick action for the nomination.

Debate should begin right away, Mr. Byrd said, with a vote at 6 P.M. Wednesday.

But the Senate Republican leader, Bob Dole of Kansas, and the Republican assistant minority leader, Alan K. Simpson of Wyoming, indicated that Bork supporters would need at least three days of debate.



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## AMERICAN TOPICS

### Where Development Yields to Dirt Roads

Since 1981, Connecticut has permitted towns to designate some roads as scenic to protect them from being paved, widened or otherwise developed, as long as the owners of 51 percent of the road frontage agree.

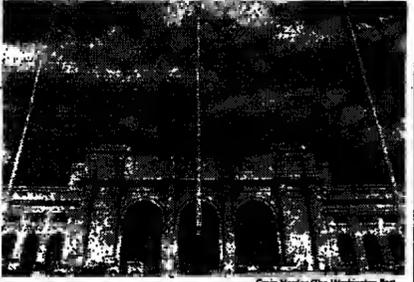
Four towns have done so: New Milford, Lebanon, North Stonington and Redding, but not without controversy. The New York Times reports:

George Clahr, a retired eye surgeon, credits the dusty, bumpy service of Indian Trail Road in New Milford with preserving pastoral charm. "Keeps away the Sunday drivers in Lincoln, who don't want to bang their heads on the roof or lose their license plates," he said.

Others say dirt roads cost too

Engene Hasenfus, the American mercenary who was shot down while air-dropping arms to the U.S.-backed rebels in Nicaragua, sentenced to 30 years in prison and then pardoned a month later, is suing his former employer, Corporate Air Services, for \$35 million, claiming the company left him broke and facing huge legal bills. The lawsuit says Corporate Air Services was run "right out the back door of the White House." Mr. Hasenfus plans a separate suit against the federal government.

After years of desmetnde Washington's Union Station is to be restored to its former magnificence within the coming year with \$140 million — \$110 million from the federal government and \$30 million from private investors. In addition to resuming its full role as a railroad station, it will house film theaters, stores,



Union Station in Washington still presents a fine facade.

much to maintain, endanger school buses and could delay emergency vehicles.

"I was raised in Nebraska on dirt roads, and there is nothing scenic or pleasant about them," said John T. Knepper, a retired oil company executive. "These people aren't talking about preserving scenic roads. What they are really talking about is stopping development. They want their own little private preserves, and the rest of us can worry about finding places for other people to live."

But Robert W. Valkenier, a retired magazine editor, said, "Those of us who have become carbanites are attracted to what rurality is left."

five restaurants, 40 fast-food vendors and even sidewalk cafes.

Los Angeles's new skyscrapers, designed with flexible steel frames to resist earthquakes, did just that during this month's temblor, which measured 6.1 on the Richter scale. Until 1957, because of the fear of quakes, city codes limited buildings to 150 feet (45 meters), or about 13 stories. The major exception was City Hall at 27 stories. Today, the city's tallest building is the 856-foot, 60-story First Interstate Bank tower. Structural engineers told the Los Angeles Times they are confident that the skyscrapers will remain standing even if a widely forecast quake of 8.0 or more strikes the city.

### Short Takes

Yale University went coeducational in 1969, and now the small 20-foot (6-meter) swimming pool at the Yale Club in Manhattan has followed suit. Since 1915, when the present club's building went up, only men have had access to "the plunge," as it is called, and they have chosen to swim nude. Starting this month, women may swim too and all swimmers must wear swimsuits.

—ARTHUR HIGBEE

## There is no room for compromise.



## Billionaires Double in U.S.

United Press International  
NEW YORK — The number of billionaires in the United States nearly doubled this year to 49, their number swelled by an emerging group that includes a 31-year-old computer whiz and an heir to the Campbell soup fortune, Forbes magazine reported.

The magazine annually lists the 400 wealthiest Americans. This year, with an average worth of \$350 million, the value of the Forbes 400 is \$220 billion, a jump of 41 percent from last year and an amount big enough to erase last year's U.S. budget deficit of \$205 billion, the magazine said Monday in releasing the names.

The list will appear in the magazine's Oct. 26 edition. No. 1 for the third year is Sam Moore Walton, whose assets from his chain of discount outlets based in Arkansas, Wal-Mart Stores, nearly doubled to \$8.5 billion.

Among the 23 newcomers are Jacqueline Mars Vogel, who Forbes said it recently determined was an heiress to the Mars confection company's family fortune, and is worth \$1.15 billion.

At 31, William H. Gates won the title of youngest new billionaire. A mathematics prodigy and Harvard dropout, Mr. Gates founded the Microsoft computer company 15 years ago. His stake of 40 percent in it is worth \$1.25 billion.

The oldest among the Forbes 400 is the heiress of the New York Times Co., Iphigene Ochs Sulzberger, 95.

Also on the list for the first time is John Dorrance, the Campbell Soup heir, at \$1.3 billion; August Busch, the Budweiser brewmaster, \$1.3 billion; and Ted Arison, who built Carnival Cruise Lines and last year took it public, quadrupling his worth to \$1.8 billion.



**Lufthansa**

INTERNATIONAL Herald Tribune

Published With The New York Times and The Washington Post

Who Sank Judge Bork?

Robert Bork is an honorable man with an impressive record as a professor, lawyer and judge on the United States Court of Appeals. Yet a Senate majority seems lined up against his nomination to be a Supreme Court justice.

have been unfair, he angrily complains that "the facts of my professional life have been misrepresented." And he denounces the use of "the tactics and techniques of national political campaigns" in a confirmation fight.

True Bush, but No Tiger

Most presidential candidates claim the year in which they are running is a turning point in history, a moment of great decision, when the nation's future for a generation or two is at stake.

home and out in the world. Affluence implies "helping your brothers and sisters, whoever they are, wherever they are, whatever their needs."

Jackson's Poor Judgment

The Reverend Jesse Jackson has taken great pains to project himself as a serious candidate for the presidency. But the disclosure of his endorsement contract with a chain of business schools raises a serious question about the judgment of this minister who would be president.

is, it probably violates federal election law. But if the contract is not campaign-related, it is the rankest commercialization.

Other Comment

Getting Out of the Gulf

The temptation for the Western powers to withdraw from the Gulf rather than get involved in combat is going to grow. But if the warships were withdrawn, the West's oil supply would be jeopardized, and the Arab states would feel abandoned to the mercy of the Islamic revolution.

The U.S. Senate came out four-square recently in behalf of embargoing all imports from Iran. The vote was 98-0. Not for a long time have so many voted so decisively to accomplish so little.

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OPINION

Go Slow on Glasnost; a New Era Has Begun

By Stephen S. Rosenfeld

WASHINGTON — The debate in the United States over the Gorbachev reforms is coming to a new phase. No longer is the focus on whether the reforms will deepen and stick. There is still much doubt on that question, but the working assumption now is that the reforms have a good chance of succeeding and that their success would be a surpassing geopolitical event.

One answer was offered last week by the State Department's ranking Soviet-affairs specialist, Thomas Simons Jr. Speaking for the administration's cautious optimists (who on a day-to-day basis are not necessarily predominant), he said that the United States should hold to its present policy course, which he described as being ready to test Mikhail Gorbachev's promise across the board.

Meanwhile, a very different appeal was made from a bipartisan study group of the Institute for East-West Security Studies (IIET, Oct. 8-9). Decriing a "purely reactive Western approach," the group suggested the West should "welcome and encourage the reformist indications that Gorbachev has set in motion," and concluded that it was in the United States' self-interest to help the Soviet leader.

In sorting all this out it helps to recall how the Reagan administration's own thinking has progressed. It started out inclined to believe that the Kremlin was hostile, and probably irreversibly so because of its basic nature, and that while the Soviet Union's policy might be blunted by U.S. pressure there was only slight hope — though there was some — that steady pressure would soften the system itself.

From this base line of skepticism the administration has, in its fashion, come to terms with Mr. Gorbachev's progress. It isn't that Ronald Reagan's own ambitions for his presidency had nothing to do with it, but, playing political catchup, he has moved to engage Mr. Gorbachev, most conspicuously in arms control, but in human rights, regional disputes and direct relations, too.

Reaganites are sensitive to any suggestion that their man has tipped away from his old ideological convictions. Quietly, but with some justice, they contend that his earlier analysis

of a Soviet Union under great economic and technological stress was precisely the analysis that Mr. Gorbachev had in turning to reform, and that U.S. pressure — arms competition, the technology and credit squeeze, the contest of ideas and development models — helped aggravate the huge systemic difficulties driving the Soviet leader. It follows that the United States, far from determining to do Mr. Gorbachev a favor, should act in its own interest and sustain a certain level of pressure even in these more civil times.

This strikes me as not only consistent with conservative precept and with Mr. Reagan's obligations to his political base but as sensible and prudent, even assuming, as we have no right to assume, that the United States actually could "help" Mr. Gorbachev. Not to play with words, but making "preemptive" concessions, as distinguished from reciprocal ones, could simply invite the Kremlin to pocket unearned gains. I am leery of what might be the substance of the East-West Institute's preferred "creative" response, especially when it is comes from people unable to acknowledge that, in criticizing Mr. Reagan earlier for pushing Moscow too hard, they went too far.

Still, if the "creativity" crowd is on the mushy side, it is on target in recognizing the special quality and opportunity of this moment in East-West relations. When to apply the stick and when the carrot, in what combination and with what intensity; these are the tactical questions that must be tended diligently to make any broad strategy work.

The Washington Post

By Flora Lewis

ST. PAUL, Minnesota — Western experts on East-West affairs who gathered here to discuss "the implications of Soviet new thinking" showed consensus on what Mikhail Gorbachev is trying to do. The debate is moving on now to what the United States and the West in general should do about it.

Few doubt that effective reform in the Soviet Union is desirable. First, there has to be sympathy for an effort to give the Soviet people a better, easier life. And second, while a stronger economy would enhance Soviet power, the steps needed to achieve it almost surely would change the nature of that power so that it is less threatening to others.

Meanwhile, Mr. Gorbachev has issued a series of clear, urgent messages that he wants to calm the international climate and avoid crises so he can get on with his domestic program. There have already been suggestions of important changes in Soviet foreign policy that would be welcome. But to know how far they go, what they mean in concrete terms of reducing danger, can be found only through probing and negotiation on a wide spread of issues.

The conference was organized by the Institute for East-West Security Studies and included officials from Eastern Europe as well as high-level Americans and West Europeans. The Soviet ambassador to the United States was invited but did not come, for one reason because the Twin Cities are on the excluded part of the U.S. map for Soviet visitors.

This is a tit-for-tat measure taken a generation ago when the Cold War temperature was low indeed. Moscow

never removed its restrictions on where Americans can go, so Washington maintains its reprisal. It is a reton minder that, despite all the friendly contacts, there is still a vast infrastructure of hostility quite apart from the big military and political issues.

But the East Europeans were here and one of the first points that emerged was the importance of separating questions about Mr. Gorbachev's personal position and his program. Of course his leadership is important. Nobody knows what happened during his recent two-month disappearance, and nobody accepts the bland, evasive explanations given. Surprisingly, the East Europeans are far less optimistic about his political survival than are many Western experts. They point out the numerous bases of opposition within the regime and the society, and the titanic task of moving the behemoth that is the entrenched Soviet way of life.

However, that doesn't mean that his program can be turned around. The key is pace and timing, and it may be going too fast for a lot of Soviet authorities to accept or to be able to manage. It could be slowed, even stopped for a while if Mr. Gorbachev lost control. But many things cannot be undone, if only because of the admissions of history, the lies on which the claim to the legitimacy of total, centralized power has rested.

Stingimur Hermannsson, the foreign minister of Iceland who recently talked with both the Soviet and Chinese leaders, said Mr. Gorbachev told him that the hardest decision he ever had to make was "to expose the faults of previous Soviet leaders." But Mr. Hermannsson noted, Mr. Gorbachev stressed that the failure was the fault of the leaders, not of the system.

One way or another, a new era has started, Mr. Gorbachev has called it "a revolution without the shots." The Soviets have not gone nearly so far as the Chinese and some East European regimes in questioning the old dogmas of ideology and Stalinist practice. But that is the only direction available if they really want to move. The momentum is inescapable. This is a time of historic transformation with all kinds of possibilities, good and bad.

How should the West respond? Some Americans urge simply a continuation of gloating. That group was not represented at the conference, which recommended a cautious but open-minded search for agreements that serve Western interests as well. The argument that there is no fruitful way to deal with Moscow reflects, in essence, a fear that Western opinion will be carried away with euphoria and will abandon needed caution.

But that is a self-denying, perhaps self-defeating position. The West has plenty of grounds for confidence, especially now that the East admits it got things quite wrong. Prudence should not be beyond our capacity as we explore dazzling new opportunity.

The New York Times



After all, what are mothers for?

Burt's Right on One Thing: Allies Must Pay More

By Patricia Schroeder

WASHINGTON — Richard Burt has gone native. The U.S. ambassador to the Federal Republic of Germany has caught the epidemic of the Foreign Service: He thinks his job is to speak to the American people on behalf of the government of West Germany. I thought it was supposed to be the other way around.

Mr. Burt's column (H/T, Oct. 9) repeats the same tune about why the NATO allies should not be asked to do more: They are contributing more than they did in 1970; European nations maintain a draft; the German countryside is littered with bases and military exercises. But his statistical computations elude me. The fact is that, in 1971, West Germany spent 3.4 percent of its gross domestic product on defense, and by 1985 the figure had dropped to 3.2 percent. U.S. spending stayed about the same, at 6.9 percent.

About every 1,000 Germans are in uniform, 9.5 percent of the population. More than a half-million of these Americans are stationed in Europe.

How about the question of conscription? The reason the Pentagon is not interested in going back to draft-

ing soldiers is because the all-volunteer peacetime military has been a success. We are attracting high-quality men and women who will serve long enough to master the incredibly complicated weapons we deploy.

Mr. Burt suggests that we measure burden sharing through some indicator like the number of military jets overflying the average square mile of soil or the frequency of being behind a foreign soldier in the grocery line. If he is recommending reducing the 330,000 U.S. troops in Germany, I agree. If he is arguing that the Germans have their crosses to bear, I cannot disagree. But if the burden of U.S. troops stationed in Germany is too great, the Germans could field more of their own and ask us to remove some of ours.

My defense-protection-fee proposal links the trade war and the Cold War. Mr. Burt says it "seems more than a thinly veiled attempt to gain greater support for protectionist policies than a serious effort to stimulate greater Allied defense spending." He's shooting at the wrong target. I'm no protectionist. I voted against the Gephardt Amendment to the trade bill. And Mr. Burt cannot seriously believe that the 3.2 percent tariff my bill would impose on German goods would protect U.S. manufacturers. How many Yuppies are going to switch to Chevys because the cost of a BMW 325 goes up \$740?

The fact is that we are in two global conflicts. In one — the dangerous competition between the superpowers — Germany and the other NATO members, as well as Japan, South Korea and other Asian nations, are our allies. We need them, they need us. In the other — the trade war — Germany, Japan and South Korea are some of our most successful rivals. And we are being taken to the cleaners.

The link between security and trade is clear. Japanese goods can enter the United States cheaply because we deploy the massive navy that keeps the Pacific sea lanes open. German manufacturing can concentrate on building top-quality consumer products because the majority of the Deutsche marks being spent on research and

development are not going into defense, as a majority of our dollars are. Of the \$300 billion the United States spends on defense, something more than half, say, \$150 billion, goes for NATO obligations. Our trade deficit is running at about \$175 billion a year. What we are spending to protect our allies is nearly the same amount by which we are losing the trade war.

Mr. Burt accuses me of ally bashing. I don't know whether to take umbrage at that or not. I would no sooner cheer West Germany or Soviet expansion than I would Florida. We have spilled too much American blood in Western Europe to relinquish our interests now.

Surprisingly, Mr. Burt's conclusion — "make no mistake: our principal allies do need to spend more for defense" — is identical to mine. Where we differ is that he believes my attempts to promote burden sharing are "unworkable and counterproductive." He never does say what he would propose.

Clearly, the Reagan administration's feeble attempts to beg a little additional defense spending from our allies have not worked. Between 1979 and 1984, while real U.S. defense spending rose 42 percent, our European NATO allies' real defense spending rose 10 percent — far, far less than the 3 percent real annual growth they committed to in 1979. Maybe if officials such as Mr. Burt spent more time telling the Germans what Americans think and less time telling Americans what Germans think, such intimidating proposals as the defense protection fee might be unnecessary.

The effect was to stop taxing families of the working poor back into poverty. Through an arcane feature called the earned-income tax credit, it even makes it possible, say, \$150 billion, goes for NATO obligations. Our trade deficit is running at about \$175 billion a year. What we are spending to protect our allies is nearly the same amount by which we are losing the trade war.

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The writer, a Democrat from Colorado, is a member of the House Armed Services Committee. She contributed this column to The Washington Post.

100, 75 AND 50 YEARS AGO

1887: In Need of Work

LONDON — There is growing alarm about the ugly looks, words and conduct of the unemployed. They again held processions in Trafalgar Square yesterday (Oct. 13). The police fairly yawned in the vicinity of the square. A speaker in differing from the mob to remain orderly exclaimed: "Be as orderly as you possibly can, but if violence alone will do, then I say in God's name be violent."

1912: No Turkish Loan

NEW YORK — The Balkan war scare so far has not seriously affected

Poverty's Children: Ever More

By David S. Broder

WASHINGTON — Daniel Patrick Moynihan, who is either the best social scientist in the Senate or the best senator who is an active scholar, has just published a paperback, as has just published a paperback, at edition of his 1983 Godkin lectures at Harvard, "Family and Nation." An epilogue reviews the current state of debate on the linked subjects of child care, poverty and government policy.

Twenty years after his study for the Johnson administration of the forces undermining family stability in the black community ignited a huge controversy, Mr. Moynihan cites evidence showing that the pattern of illegitimacy and divorce has become epidemic in the general American society.

More than one-fifth of the nation's children are in single-parent families. Half the children now being born will live in such families at some time before they are 18. The shaky earnings and erratic public assistance for these families mean that, for the first time in American history, poverty is afflicting children more than elderly persons.

These and other points made by the New York Democrat have struck a responsive chord in a nation that has taken a holiday from social-policy concerns while it recovered from the severe inflation of the 1970s. President Ronald Reagan ordered a study of "family policy." Several states developed successful pilot programs for helping single mothers move off welfare into productive employment. And, for a time, it appeared there might be bipartisan agreement on a national "family policy" or "welfare reform" or "welfare prevention" strategy.

As this session of Congress winds down, preoccupied by unresolved budget, tax, foreign policy and Supreme Court battles, it is apparent that those hopes will not be realized in 1987. Whether sufficient political energy can be mustered in presidential campaign year 1988 is problematic.

A welfare-reform bill crafted in the House Ways and Means Committee has stalled because of concern over its cost and the threat of a presidential veto. More modest Senate legislation, drafted by Mr. Moynihan, is criticized by the White House because it would make the basic Aid to Families with Dependent Children subsidies available everywhere to two-parent families without jobs, thus "increasing the welfare load."

But the outlook is not all bleak. As Isabel Sawhill of the Urban Institute, a Washington think tank, points out in a new report, "The welfare system is but one possible means of alleviating poverty in the United States" and is "the last, and not the first, line of defense in the fight against poverty."

In the epilogue, Mr. Moynihan writes that "arguably" the "most important anti-poverty legislation since the Economic Opportunity Act of 1964" was a provision in last year's tax reform bill. It doubled the personal exemption for each family member to \$2,000, raised the standard deduction and indexed them to future inflation. The effect was to stop taxing families of the working poor back into poverty.

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1937: Pledge to Belgium

BERLIN — In a note handed this morning (Oct. 13) to the Belgian Minister in Berlin, the German Government announced its formal recognition of the inviolability of Belgian territory and expressed its determination to respect it at all times and to help and defend it against attack.

On screen Play-a B

With a Busin flights within booked seat in just how high

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OPINION

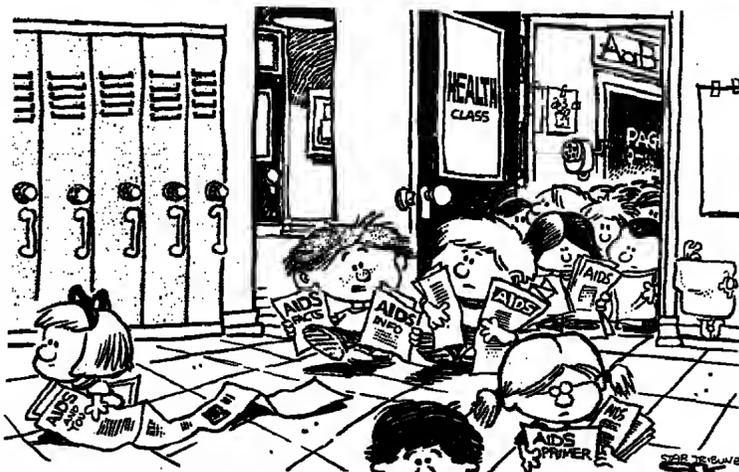
On Screen and Off, AIDS Plays a Bit Part to Money

By A.M. Rosenthal

NEW YORK — In Washington one enchanted evening, a handsome young U.S. Navy officer spots this beautiful young woman. They eye each other hotly and soon exit to her limousine, where they proceed to tear each other's clothes off in the back seat. An excellent time is had by both. Afterward, as they say, he asks her name. In New York, a book editor, a woman, hires a married lawyer into a dinner date, after their first business conference. In an hour or two they are in her apartment adjacent to the meat market, making love on the kitchen sink. Also in New York — obviously a particularly passionate city — a teacher in his 20s keeps leaping from his convertible in attempts to entice the interest of young women who arouse his desire. A 19-year-old redhead who happens by does not need much enticement; within minutes they are spending a very merry afternoon hour in his car, this time on the front seat. Sated, he goes back to playing baseball in the park with his class of 10-year-olds, sweetly teaching them that the game is like life itself. Back in Washington, the members of the presidential commission on AIDS do nothing much but waste time for a few months. Then they come to a tremendous decision: kick out the physician-chairman and reorganize, putting an admiral in charge! And the administration decides to fight a bill that would penalize discrimination against AIDS sufferers. To return again to New York, a weekly newspaper for homosexuals, The New York Native, carries many stories about AIDS. It also carries columns of paid "personals" wherein gay advertisers speak of their urgent interest in meeting managers for the purpose of sexual encounters of one sort or another. Some of the ads come from male prostitutes, a particularly high-risk group for AIDS, and some suggest homosexual anal intercourse, the most dangerous form of sex. What's the connection between copulating couples, the AIDS commission, the anti-discrimination bill and the friendly frottage ads in the paper? Simply that Americans may be scared about AIDS, but not enough to conquer politics or lust — for the dollar. The lovers are in three movies, currently making fortunes at local cinemas. Comedies? Not in the scripts. AIDS is a lousy love story, as one of my motion picture friends said, and you can't argue with that. Hollywood is talking about getting around to recognizing that the backseat of a limousine, first time out, can lead to the grave. But, aside from one or two pictures, it still is all to come later, later. Censorship is not needed; creativity is. Surely imaginative movie makers can find solutions, like backslating some of

ON MY MIND

the first-encounter movies to a pro-AIDS era. That at least would entertain nostalgia fans. And if the immediate-action scene is set in the present, it would be plain realism to bring up the subject of wariness of AIDS rather than pretend it did not exist. It will be a lot easier than the boycotts and unprofitable X-ratings that may come instead. Movies about intelligent people making love to strangers without thinking of AIDS are false, stereotypes of the care-free lover. Hollywood learned to eliminate other stereotypes — the Andy Hardy adolescent, the shuffling black or the stinky Chinaman. It can teach itself to eliminate this one, which would be a creative step, not a restrictive one. Money, of course, rides on exactly how, when and where sex is shown in a movie. And money is involved in the male prostitute ads in gay publications. Here, too, no censorship is needed or desirable. But the gay community might say out loud how it feels. That should do it. In Washington, the fear of AIDS is not as strong as the power of politics and ideology. That's why the commission is failing and why the administration will not accept the idea of an anti-discrimination code relating to AIDS. The administration does not seem able to peer over the ideological wall and see that national self-interest lies in giving the most possible protection to those from whom most will be demanded in preventing the spread of the disease: the sufferers themselves. So, here are two messages that might



'Here I am, educated to deal with the most intimate, complex, controversial sexual crisis ever to face our society — and I'm still not sure what a "hickey" is ...'

be of particular interest to Hollywood and Washington. One is from Surgeon General C. Everett Koop: "Do not have sex with people that you do not know and whose state you cannot attest to." The other is from David Brown, the

producer and writer, who was not involved in the three fast-sex movies: "The end line is that most of us really do not believe the warnings or statistics. Or we think they are not for us." The New York Times.

Fear, the Dark Bond Between One's Conscience and Bigotry

By Anna Quindlen

NEW YORK — The way he told it, it really was a funny story. He was sitting at the kitchen table, his second beer in hand, talking about having his wisdom teeth pulled. The dentist's office, he said, looked like a gathering of ghosts, with the dentist and his assistants draped, masked, gowned, gloved. The trays, the floors, the chair, the counter tops: everything was swathed in white. And there he was in the middle of

MEANWHILE

it all, his mouth open wide, feeling as though he should have a bell in his hand, so that when he could talk again he could clang it and cry, "Unclean!"

You've got to trust me on this; he made us laugh at the whole thing. The time to cry was long past, the time when we found out that he had tested positive for AIDS antibodies, indicating that he carried the virus, the beginning of the time when he knew that to have a tooth out would be a major undertaking, fraught with fear and anger and shame. The stories got, less funny fast. I nodded a scar on his forehead and asked how he got it. It seems he had fallen against a kitchen counter. But he never went for stitches. He couldn't stand the fuss that would be made if he told the medical people he was infected. He couldn't stand himself if he didn't tell.

It stopped being funny at all when I came downstairs after he was gone and picked up my beer to finish it. I looked from the bottle in my hand to the bottle on the table and realized that I didn't know which was mine and which was his. Feeling horrible, hypocritical, paranoid, I pitched them both in the trash.

Things are bad all over on the AIDS front, even in our house, where we have routinely done what some of the folks of Arcadia, Florida, and Kokomo, Indiana, went to extraordinary lengths to avoid. Our friend plays with our children, eats at our table, is never permitted to leave without a hug and a kiss. It would not occur to me to do otherwise. I know I will not be infected through him.

I know ... I think ... I hope. I wanted to jump on the people who have been bigoted about this: the people in Arcadia who wanted to keep those three little boys out of school; the ones in Kokomo who made 15-year-old Ryan White's life so unbearable that his family left town; the parents in Texas who abandoned their pediatrician when they found out he was antibody-positive. I want nothing to do with people like these — except that I know there is a little bit of them in all but the very best of us. We call them ignorant, and they are. But I suspect we all feel at least a little ignorant where AIDS is concerned. We would love absolute certainty on all aspects of this issue. Americans are a nation raised on true-or-false tests. We

The New York Times

LETTERS TO THE EDITOR

On Bork: An Independent Judiciary Is Not the Issue

David Broder invokes the principle of the independence of the judiciary to condemn the challenge to Judge Robert Bork's appointment to the U.S. Supreme Court and the recall of Justice Rose Elizabeth Bird from the California Supreme Court ("Judge-Bashing Is a Hazardous Game," Oct. 7). He is correct in the second instance only. The essence of judicial independence is that judges are free to decide cases impartially, in accordance with their understanding of the law, without any direct or indirect threats or interference. The fundamental guarantee of this, as provided in the United Nations Basic Principles of the Independence of the Judiciary, is that judges, barring misconduct or incapacity, shall have guaranteed tenure. In the case of Justice Bird, the recall campaign was designed to remove her from office because her judicial decisions did not conform to prevailing passions. This is precisely what the UN principles

sought to prevent. Judge Bork, on the other hand, is seeking appointment to, not retention in, a judicial post. President Reagan presumably selected Judge Bork on the basis of his well-known views, and opponents have equally taken those views into account. Whether the president and the Senate are acting wisely is something for U.S. voters to decide, but the principle of an independent judiciary is not at stake.

REED BRODY, Center for the Independence of Judges and Lawyers, Geneva.

The long-established and respected International Center of Oceanographic Research in Monaco is an obvious example.

Another is the European Center for Disaster Medicine, recently established by a Council of Europe initiative to meet the growing needs arising from toxicological catastrophes and natural disasters. There is no doubt that a small country can see big.

S.W.A. GUNN, M.D., Vice President, European Center for Disaster Medicine, San Marino.

More About Willson

Thank you for your coverage (Sept. 3) of our family friend, S. Brian Willson, who was run over by a U.S. Navy train carrying arms bound for Central America and Nicaragua outside the Naval Weapons Station in Concord, California, on Sept. 1. Two phone calls from my daughter in California provided further details that might interest your readers.

Brian's wife, Holly, had gone to warn the slow-moving train that there were protesters on the tracks — to no avail. He jumped too late, was rolled under the rails, and lost both legs below the knee. The emergency medical technicians of the Naval Weapons Station refused to aid him, claiming that the mishap had occurred outside of their jurisdiction. It was

45 minutes before an ambulance arrived.

A wave of horror, protest and sympathy spread through the nation. Senator Edward Kennedy wrote to Brian. President Daniel Ortega Saavedra called from Nicaragua. The Reverend Jesse Jackson visited him.

Let us hope that we can all act together so there will be no more tragedies and no further need for martyrs. The highest tribute we could pay to the birth of our Constitution 200 years ago would be a return to its principles.

JEANNE BURROUS, Paris.

In "The True Place for a Just Man ..." (Sept. 14), Colman McCarthy writes that S. Brian Willson's "turn of protest ... is at the respected core of a long tradition of civil disobedience." How soon can we look forward to a column by Mr. McCarthy announcing the selfless Americans in and out of government whose consciences have driven them, at great personal risk and sacrifice, to "civilly disobey" the disgraceful, immoral, very probably unconstitutional and utterly wretched Boland amendment (which prohibited direct U.S. aid to the Nicaraguan contras)? You never know, but I suspect that it will be a hot day in the Gulag before that happens.

JACK JOLIS, Brasschaat, Belgium.

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## Indians Battling Into Jaffna Despite Stiff Tamil Resistance

By Barbara Crossette  
New York Times Service

COLOMBO, Sri Lanka — Indian troops using 120mm mortars, tanks and armored personnel carriers were battling their way Tuesday through fierce Tamil guerrilla resistance along four routes into the city of Jaffna, an Indian official said.

The guerrillas, apparently making a desperate stand around their most important administrative center, are reported by the Indians to be forcing civilians to carry munitions and clear away bodies, or serve as shields for the Tamils.

"A number of civilians have been forced by the LTTE to participate in their campaign," the Indian official said, referring to the Liberation Tigers of Tamil Eelam, the main group of Tamil separatists.

The Indian force of 12,000 to 15,000 troops and police officers is enforcing a July 29 agreement between Colombo and New Delhi that was intended to end the Tamil guerrilla war in Sri Lanka.

As the Indians advance, they are "neutralizing" guerrilla bunkers and buildings, including houses, from which militants are firing, the Indian official said. At least eight Indians died and 62 have been wounded in the past 24 hours in Jaffna.

An Indian policeman also was reported killed in a land mine explosion Tuesday in Batticaloa, in Eastern Province. In the Trincomalee area, the Tigers attacked an Indian outpost, a move seen as an

attempt to divert attention from Jaffna.

A total of 27 Indian troops have died and 141 have been wounded in Sri Lanka since Saturday, the Indian High Commission said.

The number of guerrillas killed in Jaffna on Tuesday was estimated at about 40 by the Indians, bringing the total Tamil combatant dead to at least 200. Hundreds of Tamils are thought to have been injured.

Facts about operations and casualties in Jaffna are impossible to obtain independently. Telephone communications to Jaffna are cut, and all reporters except for an Indian government television team have been barred from the area by the Indian Army. The area is under curfew.

The leader of a moderate Sri Lankan Tamil political party, interviewed by telephone in the Indian city of Madras on Tuesday, said that he feared that "quite a substantial portion of the casualties may be civilians."

The politician, Appapillai Amirthalingam, of the Tamil United Liberation Front, said that he has appealed to Velupillai Prabhakaran, the Tiger leader, to stop fighting and negotiate a cease-fire with the Indian peacekeeping force.

The Indians have been attempting to disarm the militants, but the Tigers have defied orders to surrender their weapons.

Last week, after more than 200 Sri Lankans died in attacks by the Tigers on villages around Trincomalee and Batticaloa, the Indians opened a military campaign against them.

Indian troops have ordered civilians out of the way of the fighting, the Indian diplomat said. Indian forces are also restricting their air power to logistical support, and are not bombing or strafing settlements, officials said.

But the guerrillas apparently have prohibited civilians from leaving the combat area, according to the Indians.

The Indians say they are advancing on the city of Jaffna along four routes from the east, northeast, north and northwest. There are civilian settlements along all the roads into Jaffna.

"Some of the civilians have been given the role of carrying grenades," said Lakshmi Puri, first secretary and press counselor of the Indian High Commission. "Some are carrying ammunition boxes, collecting dead bodies. Some of them may be trapped in houses where the LTTE is firing from."

"On certain routes where civilians want to get out of their houses, the LTTE has directed them to stay, so they can use them as a human shield," she said.

The Indian and Sri Lankan navies are attempting to isolate the Tigers from their supporters in southern India by intensive patrolling of the Palk Strait that separates the Jaffna Peninsula from the Indian state of Tamil Nadu.

Fishing has been banned around the Jaffna Peninsula.



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## HILTON INTERNATIONAL KENSINGTON

## Aquino Files Libel Suit on 'Hid Under Bed' Report

By Keith B. Richburg  
Washington Post Service

MANILA — President Corason C. Aquino, who has lately been trying to counter the public perception that she is weak and indecisive, has filed a libel suit against a widely read newspaper columnist who wrote Monday that Mrs. Aquino "hid under her bed" during a coup attempt on Aug. 28.

Before filing the lawsuit, Mrs. Aquino took a reporter to her bedroom and showed how it would be physically impossible for her to hide under the bed, which has wooden sides.

Mrs. Aquino was quoted saying: "He won't get away with it. I think he wants to hurt my feelings."

The columnist, Luis D. Beltran of the Philippine Star, wrote in his paper's morning edition, "The president hid under her bed while the firing was going on — perhaps the first commander in chief of the armed forces to have done so."

Later Monday, the Evening Star, the paper's afternoon edition, carried an apology from Mr. Beltran,

"I wasn't making fun at her," he said, "only expressing concern at the gravity of the situation which had stopped being funny."

Mr. Beltran said he was using the expression "hid under the bed" in a figurative, not a literal, sense. He said he got his information from a published remark of the president's youngest daughter, Kris, that the family was frightened during the shooting outside Malacanang Palace and knelt down to say the rosary together.

"If I have hurt her feelings, I hereby apologize and take back what I have said," Mr. Beltran's statement read. "I don't think anyone can question how brave and courageous President Aquino is."

Mr. Beltran, one of the country's most widely read journalists as well as host of two weekly talk shows, has been in trouble with the palace before. Last year, he lost his job as editor and columnist for the Philippine Inquirer after wrongly reporting in his column that Joker Arroyo, then the president's executive secretary, was the source who gave

a government document to the Communists.

When, in his capacity as editor, Mr. Beltran refused to publish letters from Mr. Arroyo over the matter, the paper's owners dismissed him. Mr. Beltran says he was a victim of presidential pressure.

Mrs. Aquino filed the libel suit, for an unspecified amount of damages, despite Mr. Beltran's retraction. "Journalists have obligations and responsibilities," said Teodoro Benigno, Mrs. Aquino's press spokesman. "That's what journalism is all about."

Filing the suit at the city courthouse, Mrs. Aquino said, "I have always been a woman of courage. I don't want the soldiers of the republic to ever doubt for an instant that their commander in chief is a woman of courage that they look upon and respect."

The presidential palace has grown increasingly frustrated with both the local and foreign press, which was once widely sympathetic to Mrs. Aquino, for now depicting

the president as "weak and indecisive" in the popular cliché.

The president and her aides also have been irritated by the wide press access given to rebel military leaders. Last week, Mr. Benigno announced that the government had ordered the closing of three radio stations that were broadcasting anti-government propaganda.

**Strikers March on Palace**  
Thousands of striking Philippine workers, taking part in a week-long

## Honecker Begins Visit to Belgium

BRUSSELS — The East German leader, Erich Honecker, on his third trip to Western Europe this year, arrived here Tuesday for a three-day state visit to Belgium that was expected to focus on bilateral trade and East-West relations.

Mr. Honecker, 75, was met by King Baudouin at Zaventem airport. He is to talk Wednesday with

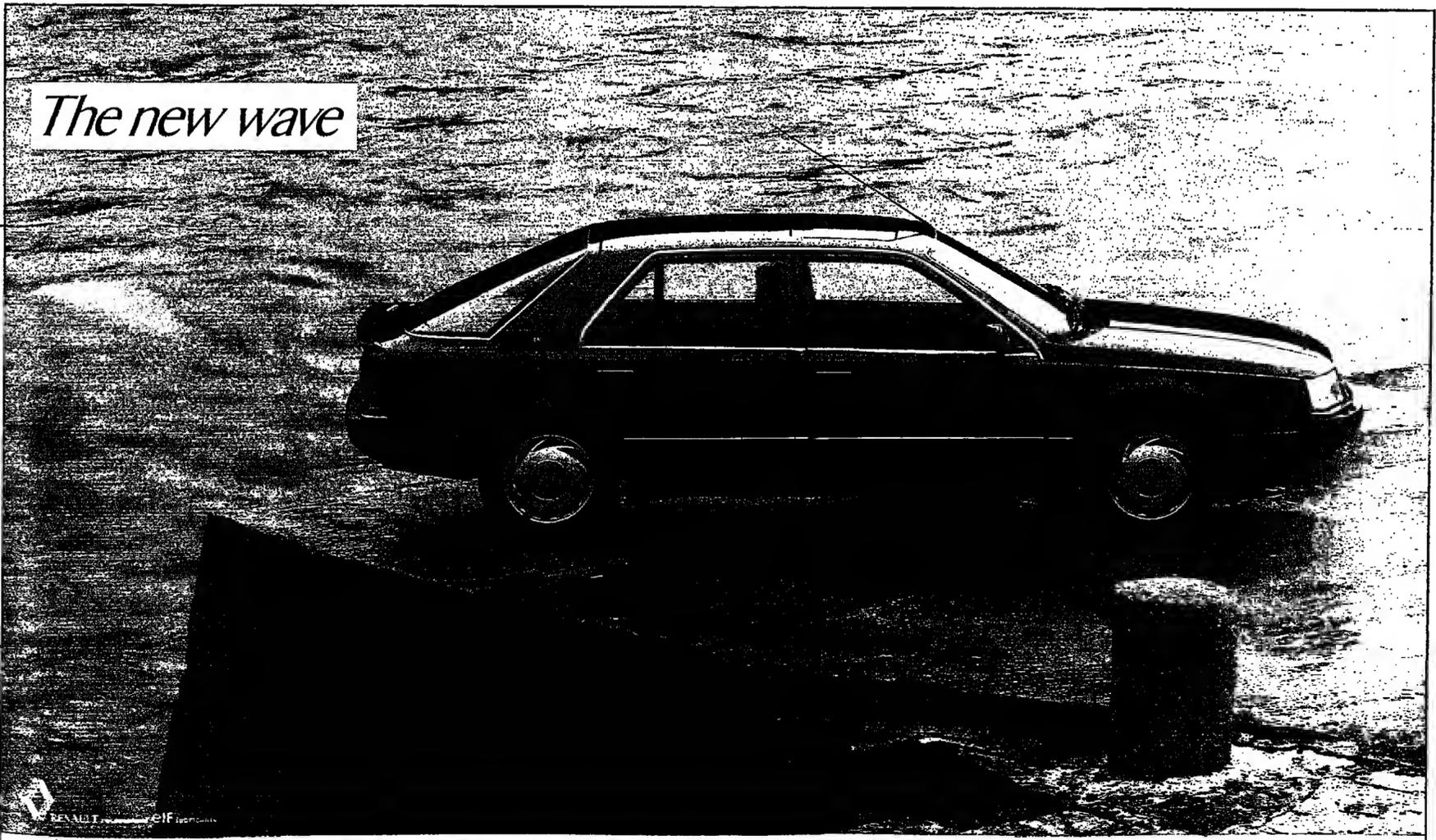
walkout for higher wages, defied police warnings and marched toward the presidential palace Tuesday, but dispersed peacefully after a tense confrontation with riot policemen. The Associated Press reported from Manila.

The marchers had come from a rally in a central Manila square that capped the second day of a planned weeklong strike.

The May First Movement, which organized the strike, is pressing for a 30-cent-a-day wage increase.

Prime Minister Wilfried Martens, who visited East Berlin in September 1986.

Diplomats said the trip underlined non-Communist Europe's growing readiness to deal with East Germany at the top level. Mr. Honecker's visit to West Germany last month was the first by an East German leader since the two countries were created in 1949.



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RENAULT 25 - SHE'S A SPECIES APART.

# Korean Dissident Group Backing Kim Dae Jung

**The Associated Press**  
SEOUL — A leading dissident group announced Tuesday that it would back the opposition leader Kim Dae Jung in presidential elections later this year, in a new sign of growing divisions within the opposition.

In another development, policemen firing tear gas dispersed students demanding the overthrow of the government.

The announcement Tuesday by the dissident group, the United Masses Movement for Democracy and Unification, which embraces 22 groups and has a combined membership of more than 20,000, that it would back Mr. Kim was the first presidential endorsement by a major dissident organization.

The group's leader, the Reverend Moon Ik Hwan, said, "We recommend him as the opposition's single candidate because he has shown active attitudes to put an end to military dictatorship."

Kim Dae Jung is locked in a struggle with a rival opposition leader, Kim Young Sam, for support in the presidential elections to be held before Dec. 20.

Kim Young Sam declared his candidacy Saturday, and Kim Dae Jung is expected to announce his candidacy soon. The two Kim's failed to fulfill an earlier commitment that just one of them would run for president.

Mr. Moon's group has played a major role within the main dissident alliance, the National Coalition for a Democratic Constitution.

The coalition of dissident, civil rights and religious groups spearheaded anti-government protests in June that forced President Chun Doo Hwan to accept opposition demands for sweeping political re-

forms and direct presidential elections. The coalition has not announced which candidate it will back.

Rob Tae Woo, a former general, is running as the government candidate.

Aides to Kim Dae Jung welcomed Mr. Moon's endorsement but said their leader wanted to muster more public support before he announces his candidacy.

Mr. Moon said his followers picked Kim Dae Jung because he appeared more determined to bring in genuine democracy and had better plans for the reunification of the Korean Peninsula.

At Sungkwankyun University, policemen opened fire with tear gas to prevent about 400 students from marching off the campus. The students, who represent small radical groups, are demanding the immediate overthrow of President Chun, but have attracted little support.

**Labor Leader's View**  
An international labor leader said Tuesday that South Korean autoworkers earned one-seventh as much as Japanese and must be better paid if the country is to become a major car exporter. Reuters reported from Seoul.

Herman Rebhan, general secretary of the 14-million strong International Metalworkers Federation, also said at a Seoul seminar that unions must be free of government control. His federation, based in Geneva, groups 170 unions in 70 countries.

He also demanded that "any striker or workers' representative who was arrested last month" be set free. Hundreds of workers were arrested or charged as labor strike reached a peak last month.



Firemen in asbestos suits after setting fire to hashish.

# Hashish Worth \$20 Million Is Destroyed Near Moscow

**Reuters**  
STARAYA KUPAVNA, U.S.S.R. — Hashish worth \$20 million was burned Tuesday outside Moscow in an operation that officials said demonstrated Soviet cooperation in the fight against drugs.

The operation took place in the countryside near Staraya Kupavna, 22 miles (35 kilometers) east of Moscow. A customs official, Yuri Fedoskin, said it was a symbolic act. "These drugs cannot be used in industry or medicine," he said, "so we decided to destroy them."

Mr. Fedoskin said Soviet customs officers seized the hashish in Moscow in November in the country's first big drug haul. It was detected with the help of dogs in a rail container bound from Afghanistan to West Germany, he said. Found in crates marked as raisins, the hashish weighed 2,666 pounds (1,209 kilograms) and had a street value of \$20 million.

# Soviet Rewriting East Bloc Economic Rules

**By Jackson Diehl**  
*Washington Post Service*  
WARSAW — At harvest time three years ago, the Soviet Union's leading agricultural expert traveled to Hungary and spent two days touring the vast cornfields and poultry houses of Baboia, the country's premier cooperative farm.

The visitor was Mikhail S. Gorbachev, then a secretary for agriculture.

**Second of two articles**  
ture on the Central Committee of the Soviet Communist Party, and he must have been an intimidating figure for his hosts.

Hungary, after all, was engaged in a daring and lonely effort to reform the socialist economic system by introducing some principles of capitalism. And Mr. Gorbachev was a representative of a Kremlin leadership that, as the overseer of the Communist system, looked with a mixture of skepticism and distaste on its allies' deviation from orthodoxy.

As it turned out, Baboia's directors had little to fear. Far from preaching this Moscow expert was intent on studying. The visiting Mr. Gorbachev "asked a lot of questions," Baboia's director, Robert Burgert, recently remembered, and "absorbed everything."

Two and a half years after Mr. Gorbachev moved from his secretary's post to the leadership of Soviet Communism, that visit to the model Hungarian cooperative might be seen as a forerunner of the profound shake-up he has initiated in Moscow's economic relations with Eastern Europe.

Since taking power, Mr. Gorbachev has turned the Soviet Union from the Eastern bloc's ideological policeman to one of its most avid proponents of radical economic reform. He has elevated Hungary

from the status of maverick to that of model among East European states. He has launched a reorganization of trade and business relations among Communist-ruled countries, with far-reaching implications for the future.

At the heart of that dramatic shift, moreover, is a change of attitude as simple as it is sweeping: Mr. Gorbachev's Soviet Communist leadership, no longer believing that it knows the right economic recipe for Communism, has decided to imitate, rather than dictate to, its more progressive allies.

In the short term, the new Soviet policies have permitted freedom and diversity in the economic practices of states long known for their lock-step imitation of Moscow.

In recent months, both Hungary and Poland have prepared major programs to decentralize control over economic activity and encourage private enterprise going well beyond the initial Soviet measures.

At the same time, East Germany and Romania have felt free to reject any change in their highly centralized systems despite the Kremlin's example.

Whether such diversity will continue for long is questionable. In addition to promoting internal reforms, Mr. Gorbachev has made closer economic integration between the Soviet Union and Eastern Europe an important priority.

Changes introduced since 1985 in the trading and investment system of Comecon, as the Eastern bloc's economic community is known, have increased the pressure on East European countries both to move toward internal reforms and to deliver more and better goods to the Soviet economy.

Now, with those partial measures producing meager results, the Russians have moved to embrace a more radical shake-up of Comecon that, by introducing elements of a

free trade system, could make the move of Communist nations away from centralism socialism both universal and irrevocable.

"The introduction of market mechanisms in intra-Comecon trade will amount to a revolution," said the Romanian editor, Silviu

**The introduction of market mechanisms in intra-Comecon trade will amount to a revolution.**

— Silviu Brucan, Romanian editor

Brucan, in a recent article for the publication Worldpaper. "Conservative leaders clinging to economic orthodoxy face a formidable challenge that is bound to accelerate the changing of the guard."

One of the first steps toward that future is expected to be taken at a meeting of Comecon prime ministers that began Monday in Moscow. According to official sources, the ministers are due to adopt a long-range plan for reform of the Comecon system that includes the creation in 1991 of the Soviet bloc's first convertible currency — the foundation of free trade.

Compared with the ambitious goals of reformers, the present Comecon plan is a modest one, and sources say Soviet officials and their allies in Hungary and Poland have faced strong opposition from East Germany, Romania and Cuba in promoting the changes. Nevertheless, a Hungarian expert said, "We now have a first step down a path that is clear. Now Gorbachev can use Comecon to force reform."

Both Soviet and East European leaders have strong incentives to reshape economic bonds. The present trading system, introduced in the 1940s by Stalin and virtually unchanged since then, is so inadequate that it tends to stifle exchanges among East European countries as well as with the West, slowing the introduction of new technology and holding down living standards.

The goods exchanged between the Soviet Union and Eastern Europe now tend to be the poorest these countries produce, as each economy saves its best output for export to the West. Many factories in Eastern Europe actually have separate production runs for East and West, with the East run typically receiving cheaper materials, technology and packaging.

It is that reality that largely motivates Mr. Gorbachev. "Socialist countries should cease to exchange shoddy goods among themselves," he said in a visit to Bucharest this year, "and to consider (Comecon) a dustbin."

For the Eastern Europeans, the Stalinist organization of Comecon represents one of the chief instruments of Soviet domination of their region.

Under the present system, East bloc nations are forced by their lack of convertible currencies to depend almost exclusively on the Soviet Union for supplies of energy and raw materials and are blocked

from significant economic integration either with each other or with Western Europe.

To get strategic supplies, the East bloc nations are obliged to ship to the Soviet Union up to three-quarters of the total goods they produce. They must also invest vast resources in huge, often wasteful energy development projects inside the Soviet Union.

This trade, in turn, has little to do with either prices or money, as socialist countries cannot easily determine the real value of their products and cannot readily exchange their currencies. Instead, trade ministries in each country meet with Soviet officials and each other each year to draw up detailed agreements specifying which and how many goods will be exchanged, from steel and oil to matches and perfume.

For every country, the goal in annual negotiations has become to export as little as possible — and to avoid earning any surplus money. "Nobody's out to make a couple of rubles," said Adam Barczakowski, an official of the Polish Foreign Trade Ministry. "Because you can't do anything with a ruble unless it's backed by goods, what we have is an exchange of goods, not money."

The new Comecon plan, first proposed to East bloc leaders by Mr. Gorbachev at a meeting in November, is intended to start the process of reorganizing the basic system. The central element, the creation of a convertible currency for use within Comecon, implies a fundamental change in the operation of Comecon trade as well as in the management of each of the East bloc countries.

With a convertible currency, East European countries would be free to trade among themselves without being limited by the need to balance each product sold with an equal and opposite product. East bloc factories producing the same goods would be forced to compete with each other to make sales within Comecon.

If fully implemented, the reform would give East European nations a real incentive to trade with each other and not only with the Soviet Union. And each country would have to adopt a realistic price system influenced by the world market. Huge subsidies hidden in the present system — mostly from the Soviet Union to Eastern Europe — would be eliminated.

The implications of the change to convertible currencies and free trade, even when limited within Comecon, are so great, and the process of implementing it so complex, that Comecon officials finally agreed on only a partial and gradual introduction of convertibility.

According to the plan due to be adopted this week, the system will be phased in over a period of 10 years beginning in 1991, sources said.

The reform will begin only with specified classes of products and will include only those Comecon countries that volunteer to participate. So far, sources said, only Poland, the Soviet Union, Hungary and Bulgaria have agreed.

# U.S. Homosexuals Show a New Militancy in Drive to End Bias

**By Karlyn Barker**  
*Washington Post Service*  
WASHINGTON — Homosexual activists in the United States say there is a new militancy among their followers, a growing political constituency that is determined to achieve equal rights.

Organizers of the mass civil disobedience in Washington on Tuesday, in which dozens of persons were arrested at the Supreme Court, and of Sunday's National March on Washington for Lesbian and Gay Rights say the demonstrations dramatized their nationwide strength.

It is illegal to demonstrate on Supreme Court grounds. In the protests Tuesday, the police at one point sealed entrances to the building after groups of demonstrators tried to make their way inside.

"It's taken a while for us to get here," said Kay Ostberg, a Washington lawyer who helped coordinate Sunday's march.

Ms. Ostberg said the gathering, which drew more than 250,000 homosexuals and their supporters, succeeded "far beyond my wildest expectations" and signaled a new stage for the homosexual rights movement.

On Tuesday, several hundred demonstrators joined the civil disobedience on the steps of the Supreme Court.

"We've come to Washington to show our visibility, but also our strength, our anger, our resilience and our hope," Ms. Ostberg said. "This civil rights movement has come of age politically, and we are not going back to the days of silent suffering. We are here to demand an end to discrimination now."

At the top of a list of demands for federal action is passage of a bill, already co-sponsored by seven U.S. senators and nearly 70 representatives, that would ban discrimination on the basis of sexual orientation.

According to homosexual rights activists, who estimate that there are 25 million homosexual Americans in a nation of 240 million people, the protest illustrates a growing militancy in the campaign for equality — and a link to the civil rights movement by blacks. Twenty-two states and the District of Columbia consider sodomy a

felony, and homosexual rights leaders say they will no longer tolerate discrimination based on sexual preference and practices.

"Our patience has been exhausted," Virginia Apuzzo, a New York State consumer official and longtime homosexual rights activist, told marchers on Sunday. "We are discriminated against on our jobs, in housing and public accommodations. The Supreme Court has declared we have no right to privacy. We are homed out of the military, barred from worshiping in some churches. Our children are kept from us."

"If that isn't second-class citizenship," she continued, "I don't know what is."

Homosexual rights organizers hope the march and future actions will result in national anti-discrimination legislation for homosexuals, just as blacks' protests in the 1960s led to laws banning discrimination.

The march was sponsored by an ad hoc group called the National March on Washington, representing a broad coalition of homosexual rights groups around the country.

Ms. Ostberg said homosexual rights activists will be doing more lobbying in Congress on behalf of

Dubbed "Out and Outraged," the gathering protested the court's decision in a 1986 case from Georgia, Bowers vs. Hardwick. The ruling upheld the right of states to prosecute consenting adults who engage in homosexual activity in the privacy of their homes.

Also Monday, in an effort to establish a network for setting a national homosexual agenda, more than 350 rights activists met and voted to create a "lesbian and gay congress" to help coordinate political activities around the country. The congress plans to hold its first meeting next year.

In addition to passage of the homosexual rights bill, march organizers want an end to discrimination against people with AIDS or those who test positive for the virus, increased federal funding for AIDS research and education, repeal of laws against sodomy between consenting adults; a presidential order banning discrimination against homosexuals by the federal government, and legal recognition of homosexual relationships.

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# M'Bow Short By 3 Votes At UNESCO

**The Associated Press**  
PARIS — Amadou Mahtar M'Bow of Senegal, seeking a third term as head of UNESCO, fell short again Tuesday in voting to nominate a candidate for director-general, missing a majority by three votes.

Mr. M'Bow, who has led the United Nations Educational, Scientific and Cultural Organization for the last 13 years, received 23 votes on the third ballot by the 50-nation executive board, UNESCO officials said. He needed 26 to win.

France, which has strong ties to French-speaking African countries, announced it had backed Mr. M'Bow in the third round. It was the only Western nation to back Mr. M'Bow, who has the support of a large bloc of African countries and other Third World nations.

Delegates planned a fourth secret ballot on Wednesday night. If no candidate wins in that round, a fifth ballot runoff between the two leading candidates will be held.

A former Spanish education minister, Federico Mayor, finished second with 18 votes. Mr. Mayor has the backing of Western nations, Japan and some Third World countries.

Soviet bloc support remained with Nikolai Todorov of Bulgaria, who received five votes. Socialist-mono of Indonesia got three votes, and Sheikh Solomon of Timor and Tobago received one vote.

Mr. M'Bow has been criticized by some Western nations for leading the organization into the biggest crisis in its 41-year history, marked by the withdrawal of the United States, Britain and Singapore.

Both the Americans and the British have indicated they would remain out if Mr. M'Bow wins another term.

**Duarte Begins Visit to U.S.**  
*United Press International*  
SAN SALVADOR — President José Napoleón Duarte left Tuesday for his first official state visit to the United States, where he is to meet with President Ronald Reagan and ask for continued U.S. aid. He is scheduled to address the Organization of American States and speak at the United Nations.

Light up your evening with a great Scotch.

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In fact, as part of a banquet to celebrate a conference of chefs at the Gothenburg Sheraton, more than the usual care and attention had gone into its preparation.

The problem was that the guest (like most guests in our experience) preferred the sauce served onto his plate. Rather than onto his lapel. (A subtle sauce can look very unsubtle adorning a white dinner jacket.)

Fortunately, the maître d' was a man who looks at such accidents and sees only opportunities.

Helping the guest remove his jacket, he offered his own as immediate, temporary



replacement. At the same time whisking the sauce-stained garment off to be dry-cleaned.

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M'How She  
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ARTS / LEISURE

The Mousetrap Trap

By Sheridan Morley
International Herald Tribune
LONDON — There is something frightening going on in the West End at present, and it is not, alas, the revival of an Agatha Christie thriller at the Duke of York's. At a time when more shows, admittedly mainly musicals, are selling out in central London than ever before...

From the beginning. Whenever they bought a Christie plot, they also bought writers who could make it work. This particular saga is the one she wrote in 1939 as a novel called "Ten Little Niggers." In later and more racially conscious times it became known as "Ten Little Indians" and now (presumably to offend no one, except of course the people who have to sit through it) it is known by the title "The Mousetrap Trap."

ample of how low the West End is currently willing to sink in its search for recycled old money-spinners. At the Young Vic Studio, "Waterloo Road" is a marvelous idea gone terribly wrong. The idea, by the Magna Carta company, was to tell the story of Lillian Baylis on a stage just across the road from the Vic that she pioneered and ran for much of the first half of the century. It has gone wrong because nobody seems to know whether they are doing a documentary or a play or building a memorial.

Blair's black satin bustier (left), and Conran's diagonally striped mini. Galliano: Emphasizing the back of the knee.

London Styles Waffle

By Bernadine Morris
New York Times Service
LONDON — The Italian designers, with their strong fashion message, proved a hard act to follow. In Milan last week a new, sleekly feminine fashion era was heralded by slickly tailored long jackets combined with very short skirts. In the four days of spring and summer showings here, the mood was far less decisive.

Hammett's bell-bottom blue jeans and tie-dyed T-shirts did not seem relevant; she was more successful with full tulle skirts. Chemise dresses by Georgina Godley were simply boring. Instead of applauding the inventiveness or even the abrasiveness of the collections, people were talking about who got what idea from whom. Fashion, of course, is a constant matter of give and take, and who did it first is not nearly as significant as who did it best.

favorite colors, accented by other watercolor shades like peach or mauve. Instead of white stockings, he favors lightly tinted shades, and he always has his models wear shoulder-high gloves. He represents British eccentricity at its best. Similar themes turn up in the collection of Jasper Conran, which looks younger than ever. He favors soft, ruffled, bright colors and short full skirts. He is one of the few to take shorts seriously and to present trousers as well, combining both long and short pants with short fitted jackets. Conran, now 27, has designed for his own company since he was 19. His clothes always had a slick, sophisticated air. Now they look livelier.

Alistair Blair, who dedicated himself to restoring a quality look to British fashion when he opened his business two years ago, must fight a tendency to be too lavish in his design. But when he does not overdecorate them, his styles are distinguished. They are best when he sticks to one color and handles ruffles with discretion. His white organdy blouse and high-waisted skirt make one of the best informal bridal outfits seen anywhere. Evening dresses are a specialty of designers here, and the newest to make her mark is Linda Clerch. A dressmaker who made the wedding dress Sarah-Ferguson wore when she married Prince Andrew last year, Clerch now does a wholesale collection that she sells to Lord & Taylor, Neiman-Marcus

and Holt Renfrew in Montreal. She specializes in short frothy dresses marked with glitter and embroidery. Short dresses are acceptable even at balls today, Clerch says. Calf-length linen dresses turn up at the Workers for Freedom collection designed by Richard Nott and Graham Fraser. The audience received these longer hemlines with aplomb. It was the blue sequin-studded boxer shorts for men that caused the stir. Nobody recalled ever seeing anything quite like them. Jean Muir showed her unpretentious clothes in an unpretentious manner in her showroom. Non-



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Dining Out section listing various restaurants in Paris and New York. Paris listings include Adonis, John Jameson, Kitty O'Shea's Pub, Baladon, Diapason, Raffatin & Honorine, Roger La Grenouille, Le Dauphin, Montaigne, Le Cadran Bleu, Ashiana, Tse Yang, and Kervansaray. New York listing includes Tse Yang.

Cartoon strip featuring characters Skippy and George. Panels include: 'UNCLE LIONEL IS DISPATCHED TO TRY TO REASON WITH SKIPPY...', 'SKIPPY AT LEAST TALK TO GEORGE! HE'S AN ACCOMMODATING MAN!', 'I KNOW, TOO ACCOMMODATING THAT'S WHY I'M SUPPORTING PETE DU PONT! HE'S NUTS, BUT AT LEAST YOU KNOW WHERE HE STANDS... UNCLE LIONEL, WHY ARE YOU STARING AT ME?', 'OH, SORRY, SON, IT'S JUST THAT IT'S BEEN YEARS SINCE I'VE SEEN YOU, AND I'D FORGOTTEN HOW MUCH YOU RESEMBLE GEORGE. IT'S UNCANNNY!', 'SO WHAT ARE YOU DOING THESE DAYS, SKIPPY? I'M A FACELESS BUREAUCRAT.'

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## INTEGRATED MANUFACTURING

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**A**t a secluded center in Warwick, England, a team of executives race against the clock to meet new design criteria and a tight delivery schedule for gearbox components. Their standard design is displayed, assessed and amended on a computer terminal. Then, as it is coded, a sales price is automatically sent to the customer.

Meanwhile, they review the production schedule and prepare programs to manufacture, inspect and assemble the finished product. These electronic instructions are passed to a series of machine tools and, after a swift check to ensure that sufficient raw materials are available, the order can be confirmed.

As the first block of metal moves onto the conveyor, they return to their screens to tackle the next problem on the agenda.

Simple examples like these help IBM to demonstrate Computer Integrated Manufacturing (CIM) in action. Those that favor the hard facts might prefer to look at the company's own record.

Industrial engineering, traditionally one of the company's greatest strengths, has reached new heights of refine-

ment with the computer aided design of microchips, and extensive testing in which one computer solemnly checks another. The results are self-evident: while quality has been increased, its cost has gone down.

Traditionally, the reverse has been the case. Increases in quality have generally incurred additional time and manufacturing costs. But this is no longer applicable when a robot automatically assembles and tests component parts.

Hewlett Packard has used much the same method to reduce its own internal failure rate by 10 percent and its costs by 20 percent while doubling throughput.

Now CIM is becoming big business as other companies strive to improve their performance in similar ways. The world market for manufacturing automation — including computers, software and systems — is currently estimated at between \$27.5 billion and \$35 billion, with the United States accounting for nearly 50 percent of it.

Ever since the first robot joined General Motor's production line in 1961, the automobile industry has led the way. Today it accounts for 22 percent of the market. Second

largest customer is the chemical industry (13 percent) followed by non-electrical goods (9 percent) and the electrical and petroleum sectors (8 percent each).

Hewlett Packard's CIM consultants say "computer integration for the manufacturing industry" would explain the concept better. They point out that CIM doesn't come down to a simple computer purchase; it affects every department in a company.

The ultimate goal is to integrate everything from pre-sales negotiations and order entry to final delivery of the product.

Design, planning, accounting, manufacturing, inventory and quality control should all play a part in the total CIM solution.

Yet American companies have focused almost exclusively on automating individual pieces of equipment. Data-

quest estimates that only 4 percent of their automation investment goes toward integrating equipment into work cells. This compares with 15 percent in Asia and 26 percent in Western Europe.

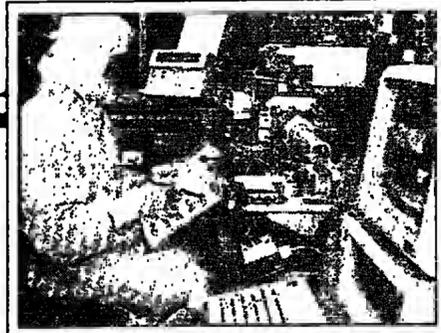
The drop in the dollar has set big exporters scrambling to increase efficiency in order to lower product costs. Experts say it is no coincidence that West Germany, which exports more than half the goods it produces, accounts for a third of Western Eu-

### The Next Industrial Revolution?

**I**n Japan, where fierce competition has led to industrial overcapacity, manufacturers are relying on flexible machine tools to keep pace with shorter and shorter product cycles.

The United States, where companies spent nearly \$50 billion on similar equipment between 1981 and 1986, is clearly anxious to protect its own manufacturing base. Giant corporations like General Motors, Boeing and IBM have won the first round in the fight to automate but now find themselves faced with new problems such as standardization. Meanwhile, information technology is streamlining the traditional management functions that generally account for at least 40 percent of the overhead in Western factories.

In Europe, where 28,000 robots are already at work on production lines, the major growth area is research. International projects such as Esprit, Race and Brite, national initiatives such as the Alvey program in England and a further \$1.5 billion to be spent over the next five years provide one form of incentive. But the real prize at stake is the future of the European manufacturing sector. Will CIM get off the drawing board and onto the shop floor in time to save the situation?



Right: An operator scans fragile components and sends information from the production line back to a central computer.

rope's automation market. France is second with 18 percent of the market, followed by Italy (16 percent) and Britain (13 percent).

The European Community has also become involved, spending \$120 million over the last five years on developing ideas for the factory of the future. It is now proposed that \$1.2 billion be spent on CIM research over the next five years. This readiness to invest stems from the strong Europe-

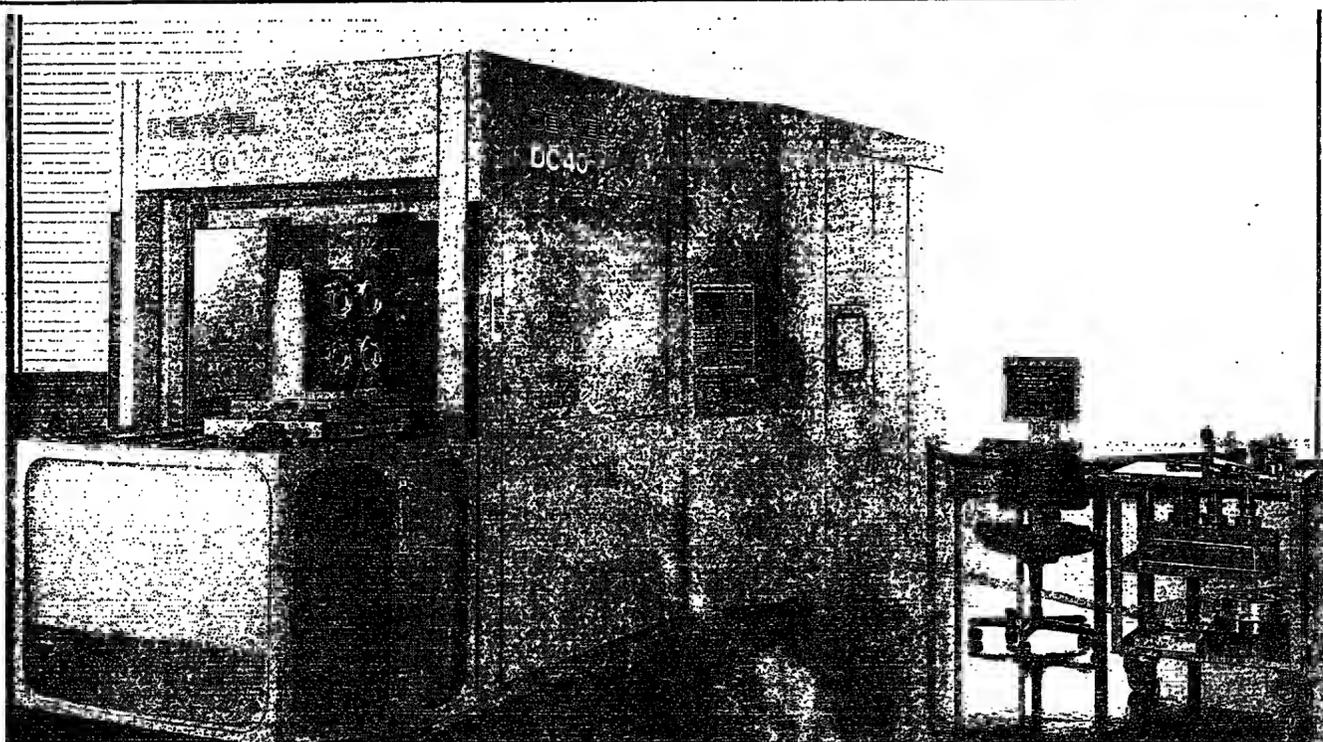
an tradition of cooperation between governments, universities and individual companies. Not only does cooperation between industry and universities allow West European companies to maximize research and development, it also helps to train people for the future.

West European companies also realize they must be globally competitive, prompting a trend toward cross-border joint ventures. France's

Thomson Semiconductors and Italy's SGS Semiconductors have merged. Siemens, Bull and ICL are cooperating on technology for the next generation of computers.

Some large firms such as France's Renault have taken advantage of their own manufacturing expertise to develop products and services for new business developments. Renault Automation has become

See CIM, Page 13



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# Business Driven Decisions

**T**HE problems facing automobile manufacturers are greater than the sum of their parts. Around 30,000 components go into each vehicle and at least one car per minute rolls off the production line. Meanwhile, the pressure to produce new models is shortening the product cycle and the days when clients accepted "any color so long as it's black" are long gone.

Prompted by the oil crisis and challenged by Japan, manufacturers in America and Europe were quick to experiment with robots in the 1970s. Today they are equally enthusiastic advocates of CIM. It not only suits the structure of their business; worldwide competition leaves them no choice.

Robots convert information into motion to perform such functions as spotwelding and lifting. But Dick Beecher, a robotics specialist at General Motors Technical Center in Warren, Michigan, says they are most cost-effective when applied to difficult tasks.

At one General Motors plant in the United States, two robots take pallet-loads of small machined parts off a conveyor, peel off the protective packaging and then select groups of parts from the open plastic trays.

These robots are equipped with machine vision. They use cameras to match the position of the parts against a pre-recorded pattern, moving their robotic arms and rotating their grippers until they are ready to lift the parts and move them on to another conveyor.

But robots are only part of the CIM picture. Information ultimately controls everything from production levels to delivery schedules. Volvo, for in-

stance, uses transportation companies such as Schenker of Frankfurt that are so specialized they offer same-day delivery to Sweden from Central and Southern Europe.

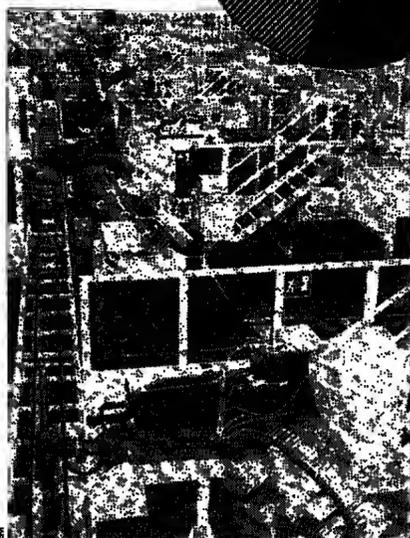
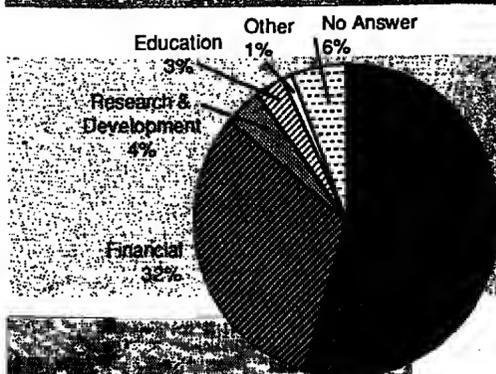
Richard E. Dauch, executive vice president for production at Chrysler, has been applying computer control to production since 1980. As a result, he claims Chrysler has improved quality and more than doubled its turnover of inventory thanks to just-in-time scheduling. Chrysler has significantly increased production without adding new plants, largely "due to proper application of computers," adds Dauch.

BMW's Hans Koch says his company's CIM system covers production planning and control, logistics, research and development, parts production and assembly as well as quality control.

Three computer centers form the core of the system: with one at the corporate level and two more in the scientific and research and development departments. They are linked together and support nearly 5,000 terminals in the various factories. The company also uses 50 stand-alone systems and 1,000 personal computers. BMW's latest addition to this information network is an ever-increasing number of computer-based production machines that rely on the network for information.

One of the most difficult problems this presents is compatibility. BMW has over 1,000 vendors with which it exchanges large amounts of data, ranging from parts drawings to order quantities. But the company found that only half of them had CAD (computer-aided design) systems and few of these were compatible.

## JUSTIFICATIONS FOR CIM



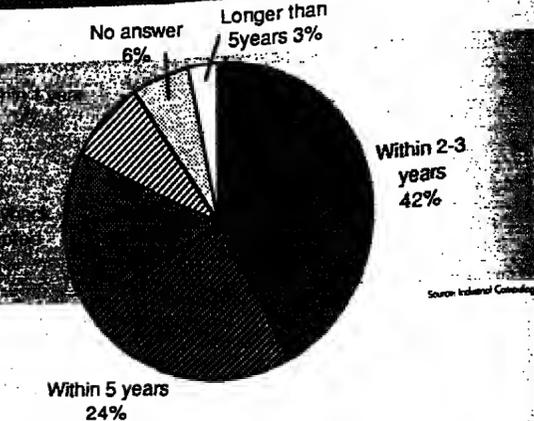
Most efforts to overcome the problem rely on machine conversion in which data is generally reduced to the smallest common denominator. This, in turn, leads to a significant loss of data, so drawings still have to be reconstructed when moved from one system to another.

Yet the cost of CIM systems is by no means exorbitant, and the regular cycle of new models simplifies the introduction of more CIM

equipment each year. While this has helped the car industry to adopt information technology far faster than other manufacturing industries, it has also fostered a piecemeal approach in many areas.

Ironically, as Bill Kalb, contributing editor of the magazine *Automotive Industries*, explains: "The mass producers may be learning fastest but, in fact, small companies are the only ones with a complete CIM strategy."

## EXPECTED PAYBACK FOR CIM



## The Need for New Skills

**I**N a recent survey by the British magazine *Industrial Computing*, one in three companies agreed that computerization cost jobs. Yet government-sponsored research predicts that, in the long term, CIM will create more work as companies gain additional business and an increased market share.

Strengthening the case for optimism, the magazine did identify an imbalance between the number of companies that already have CIM strategies and the proportion of those that have the skills to implement them. In Japan, 40 percent of the factory workers using computerized tools are engineering graduates. Similar firms in America have one college-trained engineer for every dozen workers. But in Europe there is a chronic shortage of qualified personnel.

Britain, having recognized its lack of mechanical designers and engineers, is seeing demand for the latter double every five years. In France there are not enough mathematicians. High-tech companies in the south of Germany

are competing for the services of skilled workers and, across the continent, programmers and systems analysts remain in short supply.

Universities will play a leading role in providing the engineering skills of the future, according to Dataquest, a Californian research firm. Identifying Western Europe, and most particularly West Germany, as a clear leader in terms of corporate, government and university cooperation, Dataquest contrasted the highly motivated European students with their counterparts in the United States. A sign of the times was the recent Hannover Fair, where over a dozen universities exhibited their own state-of-the-art developments.

But what will happen to the current generation of skilled workmen such as machinists whose jobs are clearly endangered by these high-tech developments? With their experience they are the people best qualified to understand machine sequencing and the operations that must be specified. As the move toward CIM

gathers momentum, it is likely that they will turn to production engineering and parts programming.

Paradoxically, the areas where the greatest changes are likely to be felt are the furthest from the shop floor.

No CIM strategy is complete without a thorough review of the inventory, goods in stock and work in progress that are costing the company money. Streamlining these procedures to cut overall costs is as much a part of CIM as any robot or computer. The main technique — known as "just in time" or JIT — requires very little investment, but delivers immediate, clearly quantifiable benefits.

Adopting this philosophy necessitates the close analysis of traditional management functions such as manufacturing resource planning — the biggest single source of overhead costs in most Western factories.

This area has been a focus of attention since the beginning of the decade, but only now is software beginning to exploit the possibilities of ty-

ing such functions into a complete CIM system.

The merging of disciplines is forcing companies to re-examine their preconceptions. Today it is engineers that order the materials, and shop floor controllers that tell the warehouse when they need more. For those that remain, there will always be work to do when the well-oiled machine grinds to a halt.

Robots may be getting smarter, but they still lack the human touch. On Ford's semi-automated transmission line in Michigan, one of the most critical tasks involves guiding a gearset down into its cast-and-machined housing and engaging the main transmission shaft. Using a counterbalanced hoist, the operator lowers the gearset and carefully positions it by hand; no machine has the "feel" for the task.

But as inventories are slashed and more information flows from system to system, the role of middle management is sure to change. Otherwise, according to one commentator, "you are only automating the problem."

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achieve it, are themselves successful. Take MAHO, for example. Today, we rank among the biggest and most important companies in the industry. And the most innovative as well. On an exhibition space of about 800 sq. m at EMO in Milan, we are displaying a cross-section of our production technologies and CNC machine tools. Many of

them are on show for the first time: Universal milling and boring machines featuring different configuration and degrees of automation. From a hand-operated workshop machine to universal machining centres — that do the work of three machines. Vertical machining centres for economical production of prismatic parts in large batches.

Flexible manufacturing cells and systems, now even more individual in design and equipped even for measuring. CIM modules for small to medium-sized business. Education and training systems. And while you're in Milan, don't forget the new series of lathe models from Graziano, our new Italian subsidiary — in Hall 16.

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## Closing the Information Gap

**I**NTEGRATED information is developing into such a powerful tool in manufacturing companies that it needs to be thoroughly understood by top management. All too often, the fundamentals are needlessly obscured by jargon.

The confusion comes from focusing on components, such as a CAD/CAM (computer-aided design/computer-aided manufacturing) computer, rather than the characteristics of the completed information system, according to PA Technology's Thomas Snell.

"Only one top manager in 10 has a solid strategy for using information technology in his company and 65 percent of all manufacturers are implementing CIM tools with little regard to an overall system," he says. "Sections of the overall system are like bricks which are useless until fitted together into a house."

One supply house, American Hospital Supply, decided to quadruple its 20 percent market share in the late 1970s and succeeded. Its strategy was to replace the sales force with computer terminals at all customer premises. Customers could not only see what was available but order it and get instantaneous electronic confirmation.

One IBM user, a manufacturer, set itself the goal of becoming the quality leader in its industry while improving response times. It succeeded by linking its order entry system to assembly robots capable of mass producing individual units free from human error.

Top management in all areas of a manufacturing company need to grasp how CIM can aid in changing company goals and strategies.

According to Mr. Schäfer of AEG: "The purpose of CIM is to have the latest necessary information available at the right time and the right place. Furthermore, the base for decisions should be created faster and better, resulting in higher flexibility during the whole process of production."

Information that is stored on a computer and transmitted down a telephone line

saves time and money. Integrated information systems also allow a person in Kowloon to do work in Cologne, Cambridge or Caracas. General Electric Information Services offers a worldwide information network with computer centers in Maryland, Amsterdam and Hong Kong to support such systems. It is no longer essential to be on the premises to get things done.

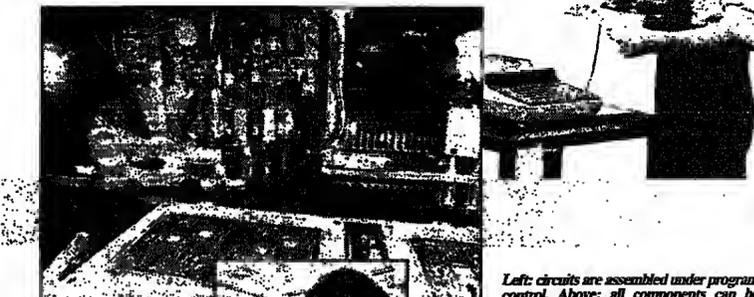
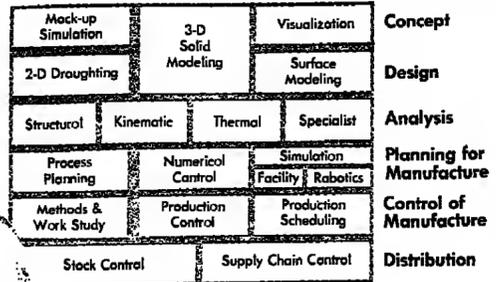
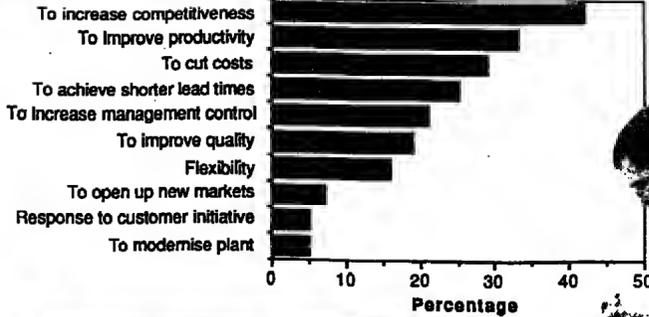
Furthermore, static information can be converted into motion. Traub machining stations are totally controlled by software, a fact that is reflected in the company's engineering department, where 56 percent of the engineers work in the software section. Once the shape of a product has been defined in terms of digital information, it can be converted into the coordinates a robot uses to move its arm from point to point.

"In this way we use robot cells in our Greenock Scotland factory to build keyboards for personal computers," says Taj Puri of IBM. A further development is speech. Static information can be captured in the form of text and fed into a synthesizer, which allows the computer to talk.

With CIM, duplication can be eliminated. In the average manufacturing company over 150 duplications occur in a standard order. Information entered one place in an integrated system can be used elsewhere. This not only cuts labor costs, it also reduces the chances of error.

"On the one hand, growing competitive pressure forces companies to make unproductive procedures, such as the manual exchange of information, more cost-effective. On the other hand, increasing product diversity, particularly in the metalworking industry, demands accelerated development and production. German industry's strong reliance on exports calls for an improved capability to respond to numerous individual market requirements that can change at short notice. These challenges must be met not only by large companies, but primarily by small and medium-size opera-

### MAIN OBJECTIVES OF CIM PLAN



Left: circuits are assembled under program control. Above: all components can be swiftly identified.

tions if they want to remain competitive," as Dr. Hannes Polisch of Decker AG explains.

Integrated systems, if organized correctly, allow information in the system to be retrieved anywhere in the world. "Salesmen can check the availability of a product in the warehouse using a mailbox system," says G. Nissen of COMBOX, "and they are not tied to any one place or piece of equipment. A handheld computer can be used at home or in a hotel room."

This also applies to the customer's office, where the salesman will be able to call up product descriptions stored on the home office computer system. At another level, if everyone uses the same original it will always be up to date. Furthermore, department costs need not stagger their work because information has not reached them yet.

"Less than 10 percent of order throughput time is work time," Snell says. "Ninety percent of the time someone is waiting to start work, because information is missing."

If the information has been entered in the system, it is



Operating an automated system for machining metal.

available. However, as Eberhard Knoblauch, president of Hewlett-Packard, Germany, says, "It will take some time before all companies will be so far along that data can really be entered once only and then retrieved everywhere it is needed."

Maho AG, a German manufacturing company, uses flexible manufacturing cells as well as CAD/CAM, and is moving toward enlarged, integrated systems. But Dr. Georg Wenzel, the company's vice president, takes a realistic view of the work that remains. "Computer Integrated Manufacturing is so broad that CIM

can only be a goal. A goal that has information processing systems throughout the whole company at its very end. This goal cannot be reached in one step — it is a task for the whole future. In day-to-day reality more and more so-called 'islands' are created — smaller units of integrated systems."

The architecture of the system will depend on the type of company and its industry structure. Executives in high-volume production will have different information needs and strategies than those in job shop operations or in the processing industry.

Nonetheless, there are several issues all top managers must be able to cope with regardless of what industry they are in. The first is when to start with CIM.

Noeman Scofield of PA Management Consultants in London says: "The time is now. The key factor is the combination of entrepreneurial creativity and a new technology. If the management of a company exhibits innovative flair, information technology offers a competitive advantage."

The second issue is how to go about it, and Scofield cautions that "management should proceed step by careful step." Information technology is in a revolutionary phase that may continue for a decade or longer, he says. Good communication requires standards and there are too few of them around today. On the other hand, the advantages from even partial solutions are so significant that no company can afford to ignore CIM.

Rough estimates by specialists say 63 percent of today's investments are not part of an overall strategy. With the technology still in its "embryonic stage," as John Wargin of Hewlett Packard points out, shortsighted investments run in the hundreds of millions of dollars. A decision that fails to take future developments into account can easily produce a useless investment, so the rule to follow is: Release the first investment only after the last step in planning has been completed.

The principles behind CIM are not complicated; the systems themselves are. The wise manager will proceed cautiously but soon.

## CIM (Continued from Page 11)

a worldwide supplier of systems for robotics and material handling.

In one venture, Renault Automation has joined with Comeau of Italy and the German subsidiary of Digital Equipment Company to design CIM software for small-batch production. They aim to create a control architecture that is standard enough to allow many companies to write specific software to work within the system.

Standardization has been a major headache for CIM users. General Motors, which uses more than 40,000 intelligent devices for design and manufacturing operations, estimates that 50 percent of the cost of installing new automation is spent making one computer talk to another.

GM moved to solve the problem by writing a Manufacturing Automation Protocol (MAP) and giving suppliers until 1988 to conform to its standards. Because of GM's sheer size, MAP is becoming accepted by most major U.S. manufacturing companies and in Europe as well. It has not, however, been implemented in many factories yet, except a few GM plants — and even in these not all seven layers of control are fully integrated.

Being is now trying to create a similar standard for the engineering department with its Technical Office Protocol (TOP).

But, for many companies, the cost of implementation is still too high. They are staying with proprietary protocols which are cheaper and more efficient in the short term.

Parallel to manufacturing control, developments in quality control are also moving onto the production line.

"Currently, about 15 percent of the American and 10 percent of the German workforce aren't producing," says John Wargin of Hewlett Packard, Germany. "Instead, they are occupied with repairs and correcting errors. An immense boom is expected in this market over the next five years."

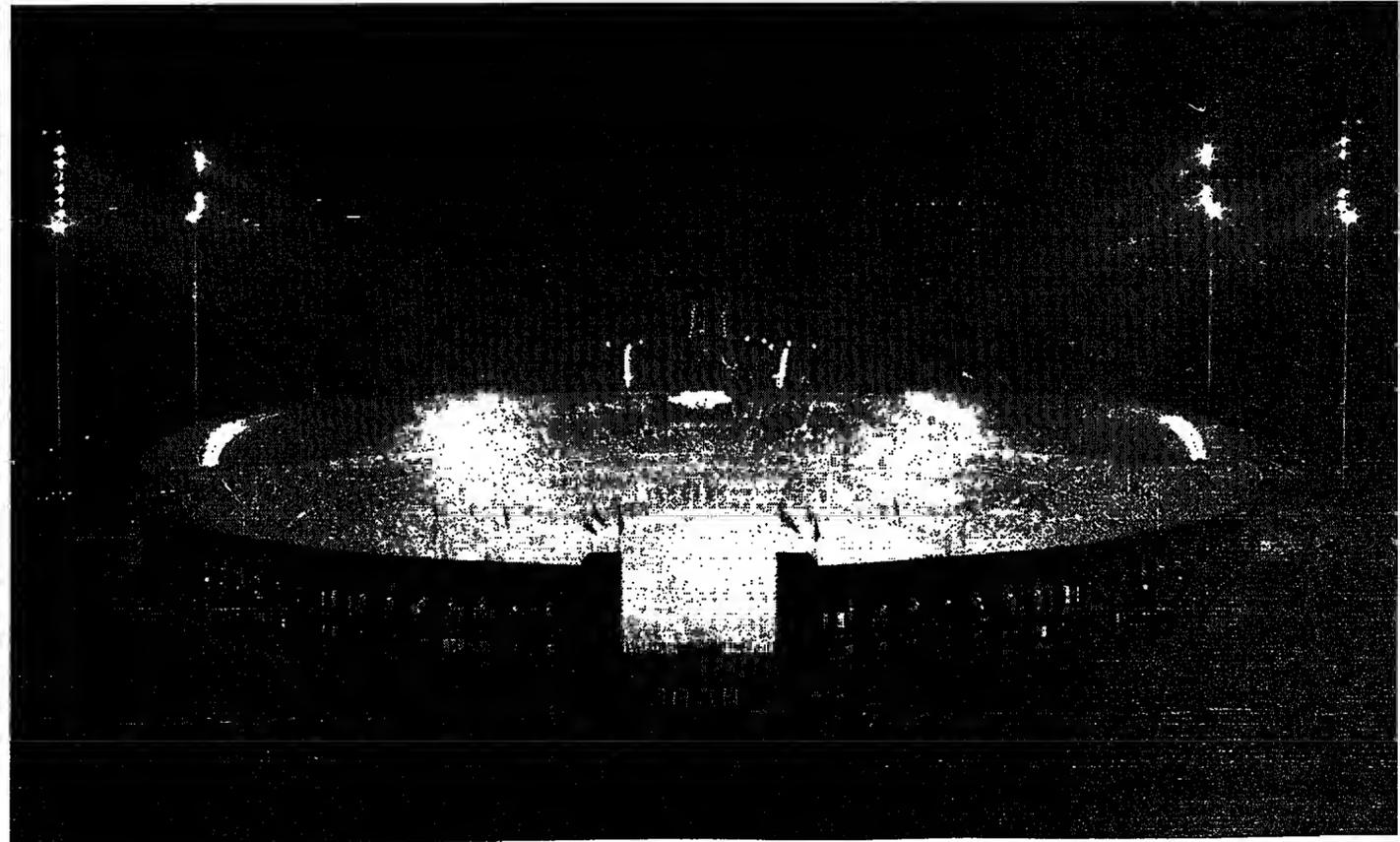
Computer aided quality covers more than the automatic inspection of parts. It also includes computer checks on specific dimensions and the integration of these results into useful data.

There is also in-process gauging, which means taking a measurement of a part just machined or formed, comparing the dimension to an established standard and then adjusting the machinery through feedback circuits. This is generally called "adaptive control" and experts say it can often reduce or even eliminate errors in machining and forming parts to specified dimensions.

In isolation, such techniques are interesting. When combined together, they can drastically alter a business. Most observers agree that CIM will totally change the thinking of top management. As one of them remarks: "You have to see it two ways. Should I do it? And what happens if I don't?"

This Advertising Section was prepared by J. Göczel.

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# AEG

NYSE Most Actives					
Vol.	High	Low	Last	Chg.	
39413	24 1/2	24 1/8	24 1/2	+ 1/8	IBM
38811	24 1/4	24 1/8	24 1/4	+ 1/8	IBM
38811	24 1/4	24 1/8	24 1/4	+ 1/8	IBM
38811	24 1/4	24 1/8	24 1/4	+ 1/8	IBM
38811	24 1/4	24 1/8	24 1/4	+ 1/8	IBM

Market Sales	
NYSE 4 p.m. volume	172,900,000
NYSE adv. volume	172,900,000
NYSE 4 p.m. volume	172,900,000
NYSE adv. volume	172,900,000
NYSE 4 p.m. volume	172,900,000
NYSE adv. volume	172,900,000

NYSE Index			
High	Low	Close	Chg.
172,900	172,900	172,900	+36.7
172,900	172,900	172,900	+36.7
172,900	172,900	172,900	+36.7

**Tuesday's NYSE Closing**  
Via The Associated Press

AMEX Diary	
Advanced	1.1
Declined	1.1
Unchanged	1.1
New High	1.1
New Low	1.1

NASDAQ Index	
Close	1,111.11
Chg.	+11.11
High	1,111.11
Low	1,111.11

AMEX Most Actives			
Vol.	High	Low	Last
100	100	100	100
100	100	100	100
100	100	100	100

Dow Jones Bond Averages	
Govt	112
Corp	112
Intl	112

NYSE Diary	
Advanced	112
Declined	112
Unchanged	112
New High	112
New Low	112

Odd-Lot Trading In N.Y.			
Buy	Sales	Stk	Vol
100	100	100	100
100	100	100	100
100	100	100	100

Dow Jones Averages					
Open	High	Low	Last	Chg.	
172,900	172,900	172,900	172,900	+36.7	Dow Jones
172,900	172,900	172,900	172,900	+36.7	Dow Jones

Standard & Poor's Index			
Close	1,111.11		
Chg.	+11.11		
High	1,111.11		
Low	1,111.11		

NASDAQ Diary	
Advanced	1.1
Declined	1.1
Unchanged	1.1
New High	1.1
New Low	1.1

AMEX Stock Index			
High	Low	Close	Chg.
100	100	100	100
100	100	100	100
100	100	100	100

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

12 Month High	Low	Stock	Div.	Yld.	PE	52 Wk High	Low	Close	Chg.
100	100	IBM	4.00	4.00	15.00	100	100	100	+10
100	100	IBM	4.00	4.00	15.00	100	100	100	+10
100	100	IBM	4.00	4.00	15.00	100	100	100	+10

### Stocks Rally; Dow Climbs 36.7

**NEW YORK** — Prices on the New York Stock Exchange staged their first substantial rally in more than a week on Tuesday as a firming dollar and higher bond prices momentarily calmed investors' worries about rising interest rates.

The Dow industrial average, which had fallen nearly 170 points since Oct. 3, rebounded 36.72 points to 2,508.16. Gainers led losers 9-6 among NYSE issues traded.

Trading was moderate because many investors still preferred to do nothing until Wednesday's government report on the U.S. trade deficit in August.

Volume rose to 172.9 million shares, from 141.9 million shares on Tuesday.

Broad-market indexes advanced. The New York Stock Exchange composite index climbed 2.50 point to 176.04, while Standard & Poor's 500-stock index rose 3.13 to 314.52. The price of an average share jumped 57 cents.

Traders said stock prices gained support from a rebound in the dollar, firmer bond prices and bargain hunting after last week's 6 percent decline in the Dow. Since hitting a record 2,722.42 on Aug. 25, the Dow has lost 9.2 percent of its value.

But traders said that buying was not aggressive as investors exercised caution before the release on Wednesday of U.S. merchandise trade figures for August.

"Capital preservation is the name of the game," said Peter Furniss, managing director at Smith Barney, Harris Upham & Co. He said

many investors who have made major profits this year are willing to sell some stocks at this point and put some of those profits into bonds yielding 10 percent.

He said the market will respond to good news but that it is especially sensitive to negative developments.

Mr. Furniss said stock prices would react poorly to a wider-than-expected August trade deficit. Economists estimate the data will show the deficit narrowed to about \$13 or \$14 billion in August from \$16.5 billion in July.

Favorable trade data could boost the dollar, easing pressure on the Federal Reserve Board to support the U.S. currency with a policy of higher interest rates. This could take some of the upward pressure off interest rates and relieve concerns about rising rates that have hurt stock prices since late August.

Glaxo Holdings was the most active NYSE issue, rising 3/4 to 24 1/2. IBM followed.

Houston Industries was third, rising 1 to 34 1/4. Control Data rose 1 to 34. The company agreed to buy Time Inc.'s Semi-Burke unit. Time climbed 3 to 10 1/4 after reporting third-quarter net income of \$1.24 a share.

In the semiconductor group, National Semiconductor rose 1/4 to 20 1/4 and Texas Instruments added 1 to 76 1/4 and Motorola jumped 1 1/2 to 67 1/4.

Chemical issues were among the day's best gainers. Union Carbide jumped 1 1/2 to 30 1/4 and Du Pont rose 2 1/4 to 114 1/4.

12 Month High	Low	Stock	Div.	Yld.	PE	52 Wk High	Low	Close	Chg.
100	100	IBM	4.00	4.00	15.00	100	100	100	+10
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100	100	IBM	4.00	4.00	15.00	100	100	100	+10

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**MADISON AVENUE**

**Interpublic Group Forges One of Top 10 Agencies**

By PHILIP H. DOUGHERTY  
 New York Times Service

**N**EW YORK — The Interpublic Group of Companies announced on Tuesday the merger of two of its units, SSC&B:New York and Campbell-Ewald Co., the Detroit agency historically linked to the huge Chevrolet account. The new U.S. agency will be known as Lintas:USA. With Lintas International it will be part of the renamed agency group, Lintas Worldwide, formerly SSC&B:Lintas Worldwide.

The merger will create one of the world's 10 leading agencies, with billings of about \$2.8 billion. Of that, \$1.7 billion will come from Lintas:International and \$1.1 billion from Lintas:USA.

William V. Weithas, 58, remains chairman and chief executive officer of the renamed Lintas:Worldwide, which is based in London. He will be chairman as well of the newly formed Lintas:USA.

Lintas:USA will consist of three units, each headed by a chairman-chief executive officer: Lintas:Campbell Ewald, by Richard O'Connor, 55, currently head of Campbell-Ewald; Lintas:New York, by Spencer Plavoukos, 51, currently head of SSC&B:Lintas New York, and Lintas:CECO, by James Bernardin, 58, currently head of CECO. Until the merger announcement, CECO had performed direct marketing and other specialized services for Campbell Ewald and will now do so for Lintas:New York as well.

Lintas:International, which also has its headquarters in London, had been known as SSC&B:Lintas International. It will continue to be headed by Kenneth L. Robbins as chairman and chief executive.

When Interpublic acquired Campbell-Ewald in 1972 it was the biggest buyout in agency history. Last year Campbell-Ewald billed \$584 million and ranked 19th among American agencies. SSC&B and part of Lintas were bought in 1979, and last year the combined unit had \$1.6 billion in billings and ranked 13th.

Arnold A. Tucker has been named president and chief executive of the newly formed Hill & Knowlton Asia Pacific region, which resulted from the merging of the Australasia unit's nine offices in Australia and New Zealand, and the Asia unit's six offices.

Mr. Tucker once headed the public relations company's Hong Kong office. He now heads the Australia-New Zealand operation. Hill & Knowlton is a subsidiary of the WPP Group of London.

In the agency world there are the conglomerates, as typified by Saatchi & Saatchi and the Interpublic Group of Companies, and the colonial (or branch) networks, like those run by J. Walter Thompson, Young & Rubicam and Foote, Cone & Belding. A more recent phenomenon is what Peter Scott, chief executive of Britain's WCRS Group, describes as a "creative federation."

Speaking at an advertising convention in Laguna Niguel, California, he described conglomerates and colonial networks as "yesterday's solutions," and said his agency and its peers were geared to the concept that "business but not advertising or creative solutions is becoming global."

He didn't have to tell his audience that the conglomerates are giants composed of differently named chains or that the networks are single agencies with many far-flung offices.

All the talk about global ad campaigns may be fine for a Coca-Cola, he said, but there are few other such companies that might benefit. His point was that the advertising of most global products requires local solutions.

Earlier in his speech, Mr. Scott said that as the American See MADISON, Page 17

**Salomon and the Anguish of Withdrawal**

**Other Wall Street Firms May Face Layoff Decisions**

By Kenneth N. Gilpin  
 New York Times Service

**N**EW YORK — After making millions by helping bloated industrial giants to bolster profits through restructurings and cost-cutting moves, Wall Street's largest firms are being forced to heed their own advice.

With Wall Street facing volatile markets and rising competition, the layoffs announced Monday at Salomon are not likely to be an aberration, analysts and investment bankers said.

Several other firms, including E.F. Hutton & Co. and First Boston Corp., are engaged in reviews similar to the one that led to the decision to cut 800 Salomon employees.

"This could very well be the beginning of Wall Street's long-awaited reinvigoration phase," said Perin H. Long, an analyst who follows the securities industry for Lipper Analytical Services.

"You have to give Salomon See SALOMON, Page 17



**Michael R. Bloomberg**  
 Former chief of equity trading at Salomon. He now runs Bloomberg Inc., which supplies computerized information on securities trading.

**Robert Dall**  
 The man who developed Salomon's mortgage-backed securities business. He is now senior vice president at Drexel Burnham Lambert.

**Jan W. Rotensbreich**  
 He helped put Salomon in the big leagues of underwriting with a 1974 IPO offering. He is now president of the Teledyne Corporation.

**For the 'Class of '81,' an Uneasy 'What's Next?'**

By William Glaberson  
 New York Times Service

**N**EW YORK — One day this summer, Lewis S. Ranieri had one of the best jobs on Wall Street. The next, at the instigation of the Salomon Brothers chairman, John H. Gutfreund, Mr. Ranieri was out: out as vice chairman of the powerful company and out of Salomon altogether.

Mr. Ranieri, 40, went home with millions of dollars and a reputation as a brilliant competitor that he earned in 21 years as Salomon's rising star. He was suddenly, as one of his old colleagues at Salomon put it, "outside the sandbox" in which he had spent his entire professional life.

Some on Wall Street said the Ranieri episode was a classic power struggle. Others saw it as a sign that the changing financial business no longer had room for restless innovators. But whatever it meant to others, to Lewis Ranieri it meant he had to figure out what to do with the rest of his life.

Mr. Ranieri's wealth assures that he will never have to confront the fears that preoccupy most people who lose their jobs. But, as a group of men he knows well have discovered, life after Salomon can present its own sharp challenges.

Until Salomon Brothers merged with the publicly owned Pibbro Corp. in 1981, the men were Mr. Ranieri's partners, part of a privileged collection of 62 who had worked their way to the summit of the country's largest privately owned investment bank.

The Pibbro deal made the rich men even richer: Every member of Salomon Brothers' "Class of '81" received an average of \$7.8 million for his partnership shares.

But in the six years since the merger, almost half of the 62 found their way — or were pushed — out the door of the firm they propelled into Wall Street's top tier.

A few of the men retired with their millions. But most are busily proving what most people believe, but few have the luxury of testing: People work to give their lives meaning, not only to feed their families.

Salomon was, in the years when the mem-

**Saunders Faces 37 New Charges In Guinness Case**

By Warren Getler  
 International Herald Tribune

**LONDON** — Ernest Saunders, the former chairman of Guinness PLC, was charged Tuesday with a further 37 offenses relating to its takeover of Distillers Co., including the theft of £20 million (\$33.1 million) of Guinness funds.

In another important development in the case, detectives arrested Gerald Ronson, 48, chairman of Britain's second-largest private company, on eight charges including the alleged theft of £6 million in Guinness funds.

Mr. Saunders, 51, already faced three charges of attempting to obstruct the course of justice, and falsifying and destroying documents, all related to the Distillers takeover.

After facing the new charges in a local magistrates court, Mr. Saunders was released on his previous bail of £500,000 pending a court appearance on Nov. 3.

Mr. Saunders was charged with 10 counts of theft; 10 of false accounting; 10 of procuring the execution of a valuable security; two of common law conspiracy to manipulate market securities; and five of enabling Guinness to provide financial assistance in the purchase of shares.

A Metropolitan Police officer in charge of the investigation told Reuters that the theft charges against Mr. Saunders totaled £20 million.

After the court hearing, Mr. Saunders said, "The mere idea that I have been putting my hand in the Guinness till is absolutely appalling."

"I have stolen nothing. I have nothing to hide," he said.

A Scotland Yard spokesman said Mr. Ronson, who heads Heron International PLC, a property and trading group, had also been charged with false accounting related to Guinness's bid, in April 1986.

Mr. Ronson, who is the third person charged in connection with the case, is expected to appear in court on Wednesday.

The charges are in connection with alleged illegal tactics em-

ployed by Guinness during its £2.7 billion takeover bid for Distillers.

Government inspectors and police have been investigating allegations that Guinness, the big British beverage maker, may have bought its own shares during its successful bid for Distillers, a maker of Scotch whisky. A rival bid by Argyle Group PLC failed.

Such a share purchase, which would have made Guinness' stock rise in value to "sweeten" its offer, would be improper under the British Companies Act.

On Jan. 16, Guinness' newly-formed board reported that it had discovered £25 million of invoices for services rendered by certain individuals during the Distillers battle.

At the time, Guinness told its shareholders that the board was concerned that some or all of the £25 million of fees to third parties might have involved payments to Guinness in return for share buying activity in support of the Distillers bid.

Following the disclosure, Mr. Ronson said in a letter to Guinness' management that he had received checks valued at more than £5.6 million from Guinness for what he described as "services" in support of the Guinness bid.

Those services, he said, included the purchases of millions of pounds worth of Guinness shares during the concluding stages of the bid.

Mr. Ronson eventually returned the money to Guinness in January, claiming that at the time he did not believe the agreement involved any breach of British law.

A Scotland Yard spokesman said that police arrested Mr. Ronson when he voluntarily entered a police station on Tuesday, apparently intending to discuss his role in the Guinness affair.

Scotland Yard detectives last week arrested Sir Jack Lyons, 71, a millionaire and prominent corporate consultant, on charges of stealing £3.25 million from Guinness during the takeover bid and of false accounting.

Sir Jack has since been released on £500,000 bail until a court appearance scheduled for Nov. 3.

**Currency Rates**

Cross Rates	Oct. 13
Amsterdam	1.290
Brussels (G)	37.825
Frankfurt	1.828
London (G)	1.447
Paris	1.214
New York (C)	1.440
Tokyo	143.30
Zurich	1.309
ECU	1.160
180:1	1.201

**Interest Rates**

Term	Rate
1 month	7 1/2%
3 months	8 1/4%
6 months	8 3/4%
1 year	9 1/4%

**Key Money Rates**

Instrument	Rate
3-month CD	7 1/2%
6-month CD	8 1/4%
9-month CD	8 3/4%
1-year CD	9 1/4%

**U.S. Money Market Funds**

Fund	Assets	Yield
Merrill Lynch Ready Assets	\$1.2B	8.27%
Telestar Interest Rate Index	\$1.0B	8.00%

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is a single, fundamental principle: the protection of depositors' funds. It should come as no surprise, then, that this pursuit of excellence results in considerable advantages to private banking clients, and the application of the very highest standards of excellence to the handling of your personal finances.

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 MILAN GIBRALTAR GUERNSEY HONG KONG  
 SINGAPORE TOKYO PANAMA NASSAU BUENOS  
 AIRES SANTIAGO MONTEVIDEO CARACAS MEXICO  
 CITY PUNTA DEL ESTE RIO DE JANEIRO SAO PAULO

FIGURES AS AT OCTOBER 31, 1986:

TOTAL ASSETS:	US \$ 168 billion
SHAREHOLDERS' EQUITY:	US \$ 1.6 billion



BUSINESS ROUNDUP

Tax Saving Helps Lift IBM Net 12%

By Our Staff From Dispatches
NEW YORK — International Business Machines Corp. reported today that earnings rose 12 percent in the third quarter, the first year-over gain since the first quarter of 1986, but said that much of the gain came from a lower-expected tax rate.

IBM cited the impact of cost reductions, including the elimination of 11,000 workers, as well as the formation in July of an application systems division that was designed to bolster IBM's software position. "IBM's efforts to become more competitive are taking hold," said John F. Akers, the company's chairman.

But the report disappointed analysts and investors. IBM shares initially fell \$4.50, but pulled back to close at \$148.75, down 75 cents from the New York Stock Exchange. Analysts said net got an extra boost from the sale of 5.9 million shares in Intel Corp. and from a drop in IBM's tax rate to 38 percent from 41 percent a year before.

That decline, they said, added 13 to 14 cents a share to IBM's bottom line and may have masked an otherwise mediocre performance. The Intel sale added another \$80 million to net profit, they noted.

"The earnings were not too spectacular," said a trader at Shearson Lehman Brothers. "People ran the stock up yesterday looking for better earnings."

Even so, traders said that IBM's per-share net of \$2 fell a few cents short of Wall Street's consensus estimate of \$2.03.

"I think the tax rate will return to a normal rate of 42 or 43 percent in the fourth quarter," said William Easterbrook of Kidder, Peabody & Co., echoing other analysts. Thus, they said, IBM will have to generate much higher sales to maintain earnings growth. (UPI, Reuters)

Honeywell Net Doubles
Honeywell Inc. said Tuesday that its earnings more than doubled in the third quarter, to \$69.6 million, or \$1.59 a share, from \$32.4 million, or 74 cents a share, a year earlier, United Press International reported from Minneapolis.

The electronics manufacturer and military contractor said that worldwide sales were \$1.64 billion in the quarter, up 28 percent from \$1.28 billion a year earlier.

Honeywell cited restructuring, cost cuts and a growth in high-margin businesses as factors in the improvement.

BAT to Expand U.S. Saks Chain

NEW YORK — BAT Industries PLC said Tuesday that its U.S. subsidiary would spend \$300 million over five years to expand and modernize its Saks Fifth Avenue retail chain.

The unit, Batus Inc., also owns Marshall Field's, Ivey's, Bremers and Thimbles stores.

The company said it would expand, replace or renovate more than 25 stores, and would build new stores in Virginia, Minnesota, Colorado, Oregon and Florida. When the expansion is complete, BAT said, the Saks chain will have 49 stores compared with 44 now.

BAT said its flagship unit on Fifth Avenue in New York would be expanded by about 30 percent. Batus is also investing \$110 million to renovate the Marshall Field's main store on State Street in Chicago.

Merrill Lynch Net Jumps 108% on Property Deal

NEW YORK — Merrill Lynch & Co. said Tuesday that its third-quarter net profit shot up 108 percent, to \$195.1 million, above year-earlier levels, mainly because of a nonrecurring gain from a real estate interest sale.

Earnings came to \$1.78 a share, on revenues of \$3,023 billion, compared with net profit of \$93.7 million, or 82 cents a share, in the 1986 quarter, when revenue was \$2,334 billion.

The results included gain from a previously announced sale of Merrill Lynch's right to acquire a partnership interest in a tower building in Manhattan's World Financial Center and related transactions.

The sale earned the company \$122.6 million before taxes and \$100.3 million after taxes.

Without the gain from the interest sale, Merrill Lynch's third-quarter net earnings would have been \$94.8 million.

"Excluding the real estate gain, Merrill Lynch's earnings were pretty much flat," said Rodrigo Quintana, an analyst with Argus Research Corp. "They really didn't do that great."

The company was more positive on the subject of performance. "Revenues were up in all our major operating areas, aside from principal transactions," it said.

"We again demonstrated our across-the-board strength, both in capital markets and in consumer markets, reinforcing our one-firm, two-sector strategy."

The company said its investment-banking revenues were up 21 percent, aided by strong gains in corporate bond and stock underwriting and private placements.

Principal transactions "were down only 5 percent despite the difficult fixed-income trading environment experienced during the quarter," Merrill Lynch said.

In Chicago, First Chicago Corp. said it expected a loss for the year of \$440 million to \$470 million because of an \$800 million loss reserve to cover shaky loans to Third World nations. The anticipated loss was above the \$420 million to \$450 million first announced in April.

The adjustment came as the company reported lower third-quarter net earnings of \$64.9 million, down from \$72.3 million in the like 1986 quarter.

(UPI, Reuters)

Italy Details Plan to Privatize Mediobanca Merchant Bank

By David Brown
Special to the Herald Tribune

ROME — The board of Italy's largest holding company owned on Tuesday a landmark plan to privatize the powerful Mediobanca merchant bank.

The decision to give up majority control through a stock issue represents an unprecedented step in Italy's privatization process.

The move reflects a profound change in the balance of financial power here, analysts say.

Under the plan, the government's 56.9 percent stake in Mediobanca will be trimmed to 20 percent within the next year.

A complicated transaction, a sale of private investors, including Carlo de Benedetti of Olivetti and Raul Gardini, the head of Agnelli Finanziaria, will be invited to subscribe to a total of 13.5 percent of the state's holding.

They will join Mediobanca's traditional industrial shareholders, which include Fiat SpA and Pirelli SpA, to create a new corporate body controlling a total of 20 percent.

A simultaneous public share offering on the Milan bourse will float another 23.4 percent stake in the company.

The operation is expected to raise about 1.4 trillion lire (\$1.07 billion) officials said. It will be the first time a state-owned company's issue is offered on the Milan bourse.

Analysts say the current move was prompted by a need to clarify the issue of control at Mediobanca, which holds important minority shareholdings in Italian industry.

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Paribas to Buy Stockbroker

PARIS — Banque Paribas said Tuesday that it has reached an agreement to buy the stockbrokerage firm of Courcouronnes SA in a move to prepare for the planned deregulation of the Paris stock market.

The merchant's bank's president, Michel Francois-Poncet, said Paribas would buy the entire capital of Courcouronnes by 1990. No price was given.

Legislation that would allow outside interests to take stakes in French brokerages for the first time is expected to be approved by the National Assembly by year-end.

The Paris Bourse is now restricted to 45 members.

France's three largest banks, Banque Nationale de Paris, Societe Generale and Credit Lyonnais, have reached similar agreements, as have the financial groups Credit National and Compagnie du Midi.

LASS: Life After Salomon Created Problems for Some of Its High-Powered Executives

(Continued from first finance page)

Salomon was, in the early '70s, a place where comes like Mr. Rotenstreich thrived on the intense intracorporate competition now managed by the firm's all-powerful top partner, William R. Salomon.

Under "Billy's" leadership, Mr. Rotenstreich developed the concepts for several new securities and helped engineer one of Salomon's major breakthroughs into the ranks once limited to a handful of old-line firms, the underwriting of a debt offering by International Business Machines Corp. in 1979.

The problem with some of Salomon's important geniuses, though, was that they had a tendency to get impatient. Mr. Rotenstreich started to feel itchy in 1983. "I looked forward and I said 'What's going to happen in the next 10 years? Am I just going to do a thousand and one transactions?' Once you've done a transaction, once you've done a corporate financing, it's only repetition."

Mr. Rotenstreich, like many of his old partners, learned quickly that his "free will" had been shaped unapologetically by life at Salomon. Regardless of what was important to each, a Salomon partner's life was business — 24 hours a day, seven days a week.

After five months of freedom, Mr. Rotenstreich accepted an offer to become corporate treasurer of IBM. He found out during the time he was between jobs, he said, that he was still the same man who had moved so fast through the ranks at the hottest firm on the Street. Being rich and free had only increased his ambition.

"You don't play this game for other people," he said. "You play this game for yourself. The fact that you have been given more resources is every reason to go on and do more. It doesn't end." After nearly three years at IBM, Mr. Rotenstreich left to become president of Torchmark Corp., an insurance and financial services company.

Over the years, even before the merger, many of the Salomon names Wall Street knew best drifted away from the firm.

William E. Simon left in 1972 to become deputy secretary and then secretary of the Treasury in the Nixon administration. Mr. Simon has spent the years since he left government building a huge financial empire.

James D. Wolfensohn, the investment banker who put Salomon in the spotlight as Chrysler's chief adviser during the automaker's troubled years, left immediately after the buyout. He now runs his own financial consulting firm in New York.

Jay H. Perry and Richard D. Rosenthal, lending geniuses who contributed as much as anyone to the building of the firm, also left.

Mr. Perry, who put Salomon on the map as a trader of huge blocks of stock for institutional investors, never made it into the class of '81. He lost his struggle with Mr. Rosenthal, who was banished to the Dallas office, and left in 1978. After stays at two other securities houses, he died of leukemia in 1985.

Mr. Rosenthal, a high school dropout with a genius for making money in arbitrage, was one of the firm's leaders at the time of the Phibro buyout. But the next year, he surprised everyone by becoming the first partner after the deal to leave. He dabbled in business on his own over the next few years but died on a drizzly day last April when the twin-engine plane he was piloting crashed. He was 45.

The experts say successful executives often have difficulty adjusting to freedom when they find themselves suddenly out of a job, even when they quit on their own.

James A. Wilson, a business professor at the University of Pittsburgh and a psychologist, says he has seen many people who have fulfilled the American dream. Many of them, he said, slip into depression when forced to build a new career.

In the highly specialized, clubby world of Wall Street, the anguish of withdrawal can be especially intense — and some top Salomon executives have yet to face it: the company is in the midst of a broad restructuring that will trim the ranks further. On Monday,

Salomon Inc., the company's parent firm, announced that it would eliminate some 800 jobs.

Even many of the ex-partners who no longer have ties to any institution remain bound tightly to their past.

Those who were asked to depart from Salomon found it was especially difficult to leave the "home" that the firm had become. "I can say it was quite emotional," said Robert A. Bernhard, a corporate-financial partner who was informed he would not be "coming along" after the Phibro merger. For Mr. Bernhard, Salomon had meant a kind of freedom he had not known before.

He is the great-grandson of Meyer Leh-

man, one of the founding Lehman Brothers, where Mr. Bernhard had worked.

Today, his Bernhard & Associates has four partners, manages more than \$100 million and makes periodic investments in companies. It is now breaking even and making substantial profits on its investments. But, he said, with the ring of the Salomon optimist he had become, he wouldn't object if a big investment-banking client walked in the door of his Sixth Avenue office tomorrow morning. "We are still waiting for deals," he said.

Stanley Arkin, 52, a securities trader who was given early retirement at the time of the merger, said he felt the wealth he accumulated at the firm made it impossible for him to work ambitiously anywhere else.

Still, Mr. Arkin goes almost every day to an office he shares in midtown Manhattan and actively trades for his own account. Leaning across his desk, he pushed a button on the Quotron machine.

"Unchanged," he said. "I'm still a trader at heart."

There was a little loneliness in his voice.

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One alumnus recalls, 'People ask, 'What do you do?' and you are tempted to say, 'I was a very important partner at Salomon Brothers.'"

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ALOMON: Firms Weigh Layoffs

(Continued from first finance page)

he said. "They are the first to ax a business, in this case capital bonds, because it hasn't a money-maker. You could spread to a number of firms."

A sharp rise in interest rates the past six months has soured demand in almost every profit center at most of the major firms on Wall Street is beginning to wonder whether the pause in the year-old bull market might be the start of a cyclical turn.

"The markets have been tough," one investment banker. "Now market for people seems to be as tough, too."

Some of the professionals interviewed said they expected other firms to duplicate Salomon's move, mostly because Salomon had indicated its staff by 40 percent in the year, to 6,500.

W. Eckenfelder, a vice president and securities industry analyst at Prudential-Bache Securities, said a lot of firms must figure whether the slower business of

the past few months will continue. "You don't want to get yourself so lean that you can't handle an upkick in business," he said.

Spokesmen at a number of major retail brokerages, including Merrill Lynch and Prudential-Bache, said their firms had no current plans to pare staff.

However, officials at the firms are watching. In a recent memo to employees, George L. Ball, chairman of Prudential-Bache, said that business was "noticeably, no-kidding, threateningly down."

"Retail reeks, institutional is insipid" and "trading is tepid," he wrote. "Only overhead shows an upward bias."

Mr. Ball told employees to cut business expenses, prepare for lower year-end bonuses and redouble efforts to bring in business.

And last month, Shearson Lehman Brothers announced that it was laying off 150 of its 1,350 London employees, and trimming its public finance department by nearly a third.

Indigo Drama

On the back turned up in late September, most leveraged players had been buying Indigo about a further fall and a couple days. Numbers of those had arrow means of overnight money to the Fed-funds rate was pushed out of on the upside with T-bond futures

ing massively the other way. These are the conditions that make a direct trader's day while coffee rages where. A note, phone call or letter will give you complimentary coverage of how performance is turned to profit.

Indigo is not a licensed broker. Indigo is located at: 1 Place de Malabar, 41, 06100, Malaga, Spain. Phone 34-32-389888 - Telex 19422.

Schlumberger

FAIRCHILD SEMICONDUCTOR SALE TO NATIONAL SEMICONDUCTOR COMPLETED

NEW YORK, New York, October 8 — Schlumberger Limited today announced the completion of the sale of Fairchild Semiconductor to National Semiconductor. As was previously stated, National will pay Schlumberger in common stock and warrants with a guaranteed cash value of approximately \$122 million.

MADISON: Agency Joins Top 10

(Continued from first finance page)

colists rebelled against the absentee management of the British crown. So the British agency business has rebelled against the absentee management of American international agencies.

He said the British advertising community has reduced the percentage of billings at the 20 leading agencies in Britain from 70 percent in the hands of American agencies to only 40 percent.

Mr. Scott maintained that there has also been a return of creative advertising in the British tradition that was all but stamped out by the introduction of on-site American managers and their promulgation of research-dominated creativity.

Came the revolution, and the British advertising industry once again came to believe that advertising could be effective without being insipid," he said. "I remembered that advertising could entice, charm, amuse and flatter the consumer and still be effective."

Principal transactions "were down only 5 percent despite the difficult fixed-income trading environment experienced during the quarter," Merrill Lynch said.

In Chicago, First Chicago Corp. said it expected a loss for the year of \$440 million to \$470 million because of an \$800 million loss reserve to cover shaky loans to Third World nations. The anticipated loss was above the \$420 million to \$450 million first announced in April.

The adjustment came as the company reported lower third-quarter net earnings of \$64.9 million, down from \$72.3 million in the like 1986 quarter.

(UPI, Reuters)

TV remote-control channel-changer immediately increases its penchant for flipping. But how much? By 75 percent, according to a research report from J. Walter Thompson. Flipping is heaviest when the programs are short and the audience is young.

While that may all seem gloomy to an advertiser spending around \$100,000 for 30 seconds of air time, JWT did find a silver lining: "The scenario may not appear so gloomy when we consider that flipping is done by people in the room, giving their full attention to the television set."

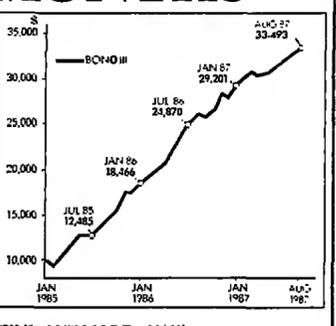
These are "highly involved, highly selective viewers," it continued, "viewers randomly drawn into the audience of your commercial, viewers quite likely to consider a good commercial as entertaining as programming on another channel."

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— Bond III offers the highest possible return — a 75% share of net profits, with liability limited to the sum invested. In any of the bonds, your capital may be withdrawn at any time after the first year on giving appropriate notice.

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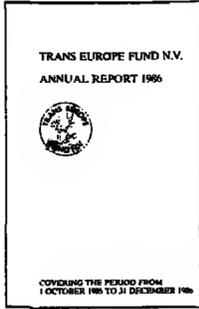
# FREE INFORMATION

FROM INTERNATIONAL INVESTOR VI  
Herald Tribune

The latest information from the distinguished companies listed in this section are available to you at no charge. Simply circle the appropriate number on the coupon at the bottom of the page before November 18th, or telex the numbers with your return address, and the report(s) will be mailed to you by the companies involved.

## TRANS EUROPE FUND N.V.

Trans Europe Fund - quoted on the Amsterdam Stock Exchange - is one of Europe's fastest growing open and investment funds. It offers the investors a well diversified participation in companies, whose operations are based in the European Community, the Scandinavian countries and in Switzerland. Not only big, wellknown companies but interesting smaller ones are also included in the Fund's holdings. The management bases its policy on fundamental investment and macro economic research and follows an active and alert investment approach, anticipating future developments. Shares Trans Europe Fund: an effective and convenient way to participate in Europe's future. Information: ABN-de Nieuwize International Investment Advisory Company B.V. P.O. Box 669 1000 EG AMSTERDAM.



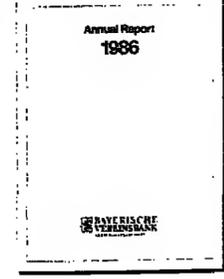
## BASF

BASF is a major international chemical company. Its trailblazing scientific and technological achievements, integrated production and intensive marketing have built a significant position for BASF in world markets. In 1985 the world economy was substantially characterized by the drop in oil prices and the declining value of the dollar. Both factors put heavy pressure on chemical product prices. Although BASF sold higher volumes, sales receded for the first time since 1975. In spite of these turbulences BASF had a good year in 1986, in keeping with the standard of the previous years' successes.



## BAYERISCHE VEREINSBANK AG

BAYERISCHE VEREINSBANK AG paid its more than 90,000 shareholders an increased dividend of DM 13.00 (= 26%) for 1986. As a successful commercial and mortgage bank, we have continued to expand at home and abroad. Total assets rose by DM 1.3 billion to DM 80.9 billion in the second quarter, falling short of the year-end figure for 1986 by less than DM 0.6 billion. At mid-year 1987 total assets of the BV Group rose by DM 1.6 billion to DM 141.7 billion. BAYERISCHE VEREINSBANK shares are traded on all stock exchanges in the Federal Republic of Germany as well as in Zurich, Geneva, Basel and Vienna. The bank is active through its branch network in all parts of the world, in the U.S.A. (five outlets), in Japan (two outlets), in South America, in China (Beijing), in Hong Kong, in the Middle East, in Africa and in Europe. The number of outlets comes to roughly 400 altogether. Information on BAYERISCHE VEREINSBANK'S top-quality shares can be had under our Munich telephone number (089) 3884-8811.

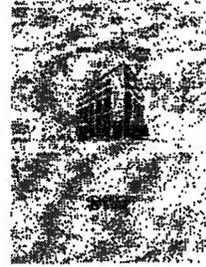


## CERUS

CERUS: Consolidated net profit of 194 million francs for the first six months of 1987. CERUS, the French holding company of the De Benedetti Group created on July 1, 1986, had a consolidated net profit of 194 million French Francs for the first six months of 1987. This compares with a non-consolidated profit of 54.3 million French Francs for 1986. Annual earnings for 1987 are expected to be in line with those of first six months. CERUS, which is now one of the major Groups listed on the Paris Stock Exchange, has become a diversified holding company with major investments in Valeo, Yves Saint Laurent and Pearson plc. Two share issues, the first in January and the second in April, were successfully offered in 1987. VALEO, in which CERUS has a controlling stake, had a consolidated net profit of 203 million French Francs, representing 2.8% of total revenues, during the first six months of 1987. YVES SAINT LAURENT, a company in which Cerus is associated with Yves Saint Laurent and Pierre Bergé, concluded an agreement with Revlon for the sale of its mass-market perfumes and cosmetics, last June. These activities had been acquired in December 1986 by Yves Saint Laurent through the acquisition of Charles of the Ritz. If the sale to Revlon is taken into account, the Yves Saint Laurent perfumes have been acquired on the basis of a p/e of 16.5. The share holding structure of CERUS, in which the De Benedetti group holds 40%, has been reinforced by the acquisition of a 3% stake by Shearson Lehman (American Express Group), which is already a shareholder in Cofide in Italy and in Cofir in Spain.

## CREDIT BANK

CREDIT BANK A.E. ranks fourth among commercial banks in Greece and is the largest private sector bank. In 1986 assets increased by 28% to Dr. 439,437 million (U.S.\$3,255 million), deposits by 26% to Dr. 232,336 million (U.S.\$1,674 million). Loans and advances by 36% to Dr. 113,023 million (U.S.\$814 million) and net profits by 82% to Dr. 1,841 million (U.S.\$13 million). As a result, the market price of Credit Bank's share, rose from Dr. 1,750 (31 Dec. 1985) to Dr. 3,570 (31 Dec. 1986) to Dr. 11,400 (31 Aug. 1987). The Bank, acknowledged as one of the most innovative, maintains 117 units all over the country and a network of 50 Automatic Teller Machines. On May 5, 1987 the Bank increased its share capital to Dr. 3,300 million by issuing 440,000 new shares.



## CREDIT NATIONAL

1986: a varied range of loans to meet all corporate needs. New long term loans: FF 15 billion (U.S.\$2.3 billion); loans outstanding: FF 72 billion (U.S.\$11.1 billion); investments financed in 1986 FF 108 billion (U.S.\$16.7 billion). Fund raised in 1986: FF 13 billion (U.S.\$2 billion). Medium and small-sized businesses accounted for two thirds of the clientele. Product range: loans carrying fixed, variable, or adjustable interest rates with maturities of one to twenty years, in French francs or foreign currencies; lines of credit; equity financing; equipment lease financing. Other services: legal and financial engineering; business appraisals, mergers and acquisitions; financial and economic analysis; diagnostics and financial consulting.



## DAIMLER-BENZ AG

In 1986 Daimler-Benz was able to continue on its successful course of growth. Consolidated sales, of which one-quarter was accounted for by the new divisions AEG, Dornier and MTU, and three-quarters by the traditional automotive sector, rose 25% to over DM 65 billion. Demand for Mercedes cars once again exceeded our production capabilities. In the highly competitive commercial vehicle business, Daimler-Benz maintained its leading market position as the world's biggest manufacturer of trucks upwards of 6 tonnes. Altogether, the new divisions in the group succeeded in raising sales and employment. Operational results continued to be encouraging in 1986, above all because of favorable developments in the car sector, and amounted to DM 1,767 million for the group as a whole and DM 1,404 million for Daimler-Benz AG.



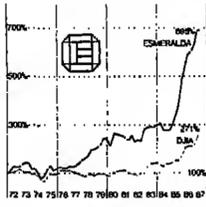
## DUBOIS INVESTISSEMENTS

The Dubois Investissements Group is France's leading DIY retailer, with 81 hypermarkets carrying the Castorama sign. 1986 highlights: — sales were up 20.5% to F.Fr. 4,756 billion; — Funds provided from operations rose 35.5% to F.Fr. 178.6 million; — Consolidated net current income was up 26.2% to F.Fr. 64.1 million; — Attributable income totalled F.Fr. 34 million, 26.9% up from the 1986 figure of F.Fr. 26.8 million. The Group is continuing its expansion in 1987, with the opening of 5 new stores and forecast sales of F.Fr. 5.6 billion.



## ESMERALDA International Investment Fund

ESMERALDA, quoted on the Luxembourg Stock Exchange, is an international investment fund established in 1972 according to Dutch law. The investment activities of the fund are mainly directed to investment in the shares of corporations. ESMERALDA selects with care the objects it invests in and diversifies these throughout a number of countries and sectors. Currently, the investment fund has a worth of approximately \$100 Millions. During the past 10 years the achieved results of investment, measured in US Dollars, averages 18% annually. For further information on the investment opportunities the ESMERALDA Fund offers you: ESMERALDA International Investment Fund P.O. Box 76, 1000 AB AMSTERDAM, The Netherlands. Tel. 31.20 - 55 02 322 Telex 10877



## Mark Twain said:

*'Buy land. They stopped making it a long time ago.'* BUT NOT THE DUTCH. They created a new province on the bottom of the sea! — a safe and beautiful place to live — situated in the heart of Holland and western Europe — 40 minutes from Amsterdam and Schiphol airport — thousands of new acres of industrial and commercial space — available at very competitive prices FLEVOLAND, the promising province! Postbus 55 8200 AB Lelystad The Netherlands



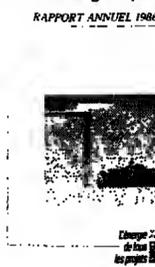
## F.P. Special Assets Ltd.

F.P. Special Assets Ltd is a public listed Hong Kong company specialising in the acquisition of undervalued assets and special situations to create value for its shareholders. F.P. Special Assets Ltd is an active, deal-doing company whose management concentrates on a small, focused portfolio of property and company assets in the Asia-Pacific region, exploiting the gap between the market's perception of value and the asset's real value. Since its founding in December 1985 to June 30 1987, F.P. Special Assets Ltd has increased its net asset value per share by 381 per cent (undiluted basis).



## GAN

Chairman and Chief Executive Officer: François Heilbronner. 1986 revenues: FF 19.6 billion. Consolidated net income: FF 1.37 billion. After a year of strong growth in 1986 (with revenues up by 16.6%), GAN has opted for performance through innovation in response to changes in the French insurance environment. The reform of insurance law, privatization in prospect and increasing competition are all accompanying the emergence of new insurance requirements. You should one forget the need to prepare for the advent of the single European market, open to all European companies, in 1992. GAN's innovative commercial policy and growing internationalization demonstrate its determination to serve its clients as an active partner in their projects.



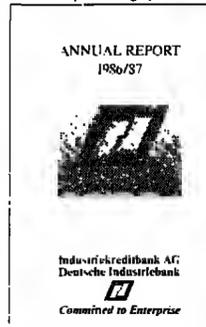
## Hutchison Whampoa Limited

HWL is one of Hong Kong's largest and most profitable corporations, holding a solid and diversified portfolio of leading companies involved in property development and management, import and export, retailing, quarrying, telecommunications, container terminal operations, power generation and supply, oil and gas, and China trade. With net assets of U.S. \$1.25 billion, net profits in 1986 of U.S. \$280 million and a strong recurring cash flow, HWL is in an excellent position to expand at home and abroad. The Group, through an associated company, also has a 43% interest in Canada's Husky Oil.



## Industriekreditbank (IKB)

"The bank Committed to Enterprise" is the only nationally active German bank that lends exclusively to corporations. For this reason, the first part of IKB's 1986/87 annual report is devoted to matters of special interest to companies. IKB also reports a highly successful 1986/87 business year. Claims on customers rose by DM 1.9 billion to DM 14.2 billion, with net interest income growing by 13.7% to DM 256 million. Although issuing domestic bonds continued to be the major source of refinancing, funding from the Bank's own foreign bond issues grew at an even higher rate. Capital resources amounted to DM 746 million — 24% above the previous year's figure. Proposed is a dividend of DM 8.00 per DM 50 nominal share of the increased capital.



## DP America Growth Fund

DP America Growth Fund (DAGF) has been established in December 1985 to provide investors with a means of investing in and profiting from the growth of the U.S. economy. The fund's investments are made in the U.S. stock market, one of the most developed and liquid in the world. The company in which DP America Growth Fund invests should meet certain fundamental conditions: a market position, financial strength, quality of management and product innovation policy. The primary objective of the fund is to achieve capital growth on the longer term. DP Asset Management Inc., an American joint venture of Persim, Heilbrunn & Partners acts as investment advisor. DP America Growth Fund has the status of an open-ended investment company incorporated under the laws of the Netherlands. The fund's shares are listed on the position to issue and repurchase shares. Issue and repurchase of shares can take place at each business day of the week at the net asset value per share, after addition or deduction of expenses (1% and 1.5% respectively). The shares of DP America Growth Fund, denominated in U.S. dollars, traded on the Amsterdam Stock Exchange. The share price is based on the net asset value and is published in the newspaper. Investors may purchase and sell shares through bank and brokers. Information: Persim, Heilbrunn & Partners, Heilbrunn 252, 1016 DH Amsterdam - The Netherlands - tel. +31-20-20188



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## RHÔNE-POULENC

Rhone-Poulenc, the leading French chemical and pharmaceutical group operates in 140 countries and generates 70 % of its net sales outside France. Rhone-Poulenc's activities are organized into five sectors: Chemicals, Health, Fibers, Agrochemicals, Media. In 1986, the group generated consolidated net sales of 52.7 billion francs and a consolidated net income of 2,000 billion francs. The net financial debt to equity ratio progressed from 1,5 to 1,1 over the year, and this after financing 5 billion francs in investments and 5 billion francs in acquisitions.

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CURRENCY MARKETS

Dollar Closes Higher in Slow Trading

NEW YORK — The dollar closed slightly higher Tuesday as major foreign currencies traded in a narrow range.

London Dollar Rates

Table with columns: Currency, Bid, Ask, and Source: Reuters

New York, the dollar closed at 25 Deutsche marks, up from 24.75 on Friday.

He said a \$14.5 billion shortfall would suggest "that the dollar at these levels is not being reflected in the trade number and a further correction" downward is needed.

Anything around \$13.5 billion would be neutral, he said, while a deficit around \$12 billion would be good for the dollar.

The Reagan administration has awaited an improvement in the trade picture as a result of the dollar's significant depreciation.

Mr. Bauer said market participants also are waiting to see if the record \$16.5 billion trade deficit in July is revised.

Earlier, the dollar also closed slightly higher in dull European trading. Dealers said it gained support in Asia from several large buy orders.

Trading remained quiet, however, as participants awaited the trade figures.

"We've got a very well-balanced market," said Bob Hatcher of Barclays Bank. "I don't see any undue interest in buying or selling."

In London, the dollar rose to 1.8205 DM, from 1.8130 DM on Monday; to 143.70 yen, from 143.23; to 1.5095 Swiss francs after 1.5020; and to 6.0663 French francs from 6.0388.

The pound slipped to \$1.6470 from \$1.6540.

The Bank of England intervened to cap the pound's rise for the second successive day as it neared 3 DM, market sources said.

The pound closed at 2.9972 DM, after being repeatedly rebuffed at around 2.9970.

In earlier European trading, the dollar was fixed higher in Frankfurt at 1.8224 DM from 1.8130 DM on Monday, and in Paris at 6.0660 French francs after 6.0420.

In Zurich, the dollar closed at 1.5080 Swiss francs, up from 1.5020.

Market in 'Chaos' As the Lebanese Pound Dips 2.5%

BEIRUT — The Lebanese pound took another tumble against the U.S. dollar on Tuesday, forcing banks here to halt pound trading for an hour to try to stem the collapse.

"It was complete chaos in the market," one banker said. "Speculators were buying huge amounts of dollars, the banks were losing control and they stopped trading to catch their breath."

The pound, which plunged 6.9 percent on Monday to \$46.00, slipped another 2.5 percent on Tuesday to \$45.50, the fourth record close in a week but up from its trading low of \$39.00.

The pound has lost more than 76 percent of its international value so far this year. The collapse has fueled inflation estimated at 300 percent.

Other currencies have risen even faster, with the yield on the 6% federal government bond of 1997 shooting as high as 7.1 percent on Monday from 6.64 percent just before the switch to a competitive system.

Mr. Heim said he did not see the 10-year bond yield going back below 7 percent for some time, and

German Rates Soar After Double Financial Blow

FRANKFURT — A double financial shock has created a crisis of confidence that has sent West German interest rates soaring, according to financial market analysts.

In the past week, the Bundesbank has acknowledged marginally tightening monetary policy and the government has proposed a 10 percent investment withholding tax.

"At the moment, there is panic in the markets," said Erich Heim, head of money market operations at Bankhaus Gebrüder Bethmann.

Some analysts had looked to the Bundesbank to give the domestic market a sense of stability at a time when U.S. and other rates are rising, dragging West German rates up with them.

They had hoped that the central bank would revert to a fixed-rate system for its securities repurchase agreement.

But on Tuesday, the Bundesbank set a new tender to replace around 14.4 billion Deutsche marks (about \$7.94 billion) of 28-day securities that are due to expire, offering banks liquidity aid at a minimum bid rate of 3.60 percent, a central bank spokesman said.

The decision to offer funds at a minimum bid rate and allow the market to set the ultimate rate, rather than revert to a fixed-rate system, however, as most market analysts had expected.

The Bundesbank has used a competitive system for its last two securities repurchase tenders, resulting in a rise in the allocation rate to 3.75 percent from 3.60 in August and most of September.

Other rates have risen even faster, with the yield on the 6% federal government bond of 1997 shooting as high as 7.1 percent on Monday from 6.64 percent just before the switch to a competitive system.

Mr. Heim said he did not see the 10-year bond yield going back below 7 percent for some time, and

said it could go as high as 7.50 percent. Other analysts were less pessimistic but did not see a sustained rally in the near future.

The capital market is also still reeling from the government's plan to levy a 10 percent withholding tax on interest payments on German investments in 1989 to help fund the 1990 tax reform.

A Finance Ministry statement on Monday that DM Eurobonds would not be affected by the tax if the issuer was not domiciled in West Germany came as little comfort to the domestic capital market.

Analysts said the market would probably lose much of its business offshore, reducing liquidity and raising funding costs of both private and public borrowers.

"The government is trying to raise money in one area but will have to pay for it in another because it is going to have to offer higher yields to attract investors," said one monetary analyst at a large U.S. bank in London.

Helmut Guthardt, management board spokesman of Deutsche Genossenschaftsbank, said in a television interview, "We bankers now fear that more regulations and bureaucracy will follow the withholding tax."

Analysts See a Temporary Lull in the Currency-Options Boom

PHILADELPHIA — The recent explosive growth in foreign-currency options will probably slow in the next year because of reduced currency volatility, according to options analysts.

Think-currency products are going to take a back during the next year or two," Scott Mann, treasurer for Gulf International Bank, participants this week at a conference on options that was sponsored by the Philadelphia Stock Exchange.

"You will see a lot more play in interest rate products, a lot more in land there will be a slowing down of currencies."

Mr. Dilman added that the options should gain momentum by late 1988 or early 1989 as smart portfolio managers and corporate

treasurers grow more familiar with them. Options are meant to protect companies against adverse movements in the currency markets, but so far fewer than 10 percent of the biggest American companies use them, analysts say.

Mr. Dilman's views were largely echoed by Antoine Paille, head of options at Societe Generale of France. He told participants that he had already seen some transfer of activity to interest-rate options from currency options.

The Philadelphia exchange has seen rapid growth in currency options since introducing them in 1982. Exchange officials estimate that Philadelphia trades about 70 percent of publicly listed currency options.

According to the exchange, daily volume has soared this year to about 50,000 contracts from about 5,000 in 1984, while open contracts have

risen to more than 1 million, or \$30 billion, from 300,000, or \$10 billion, at the end of 1985.

Mr. Dilman said the seven leading industrialized democracies have been largely successful in curbing currency swings.

"If currency volatility is on the low side, the corporations are not going to be as anxious or inclined to go out and use currency options," Mr. Dilman added. "So for the next six months there will be corporations and portfolio managers using currency options less."

Lisa Polesky, a vice president with Citicorp's North American investment banking unit, said that currency options activity might eventually benefit from the slower pace of growth, because reduced exchange-rate volatility will attract more corporations that now consider the product too risky.

DM Bond Trading Restarts

LONDON — Tentative trading restarted in Deutsche mark instruments in London on Tuesday, but the market remains extremely nervous over the effects of the proposed 10 percent withholding tax on investment earnings, dealers said.

On Monday, a Finance Ministry state secretary, Hans Tietmeyer, said the tax would not affect DM Eurobonds if the issuer is not domiciled or does not have its company management in West Germany.

One trader in London said that dealing was still being done on a negotiated basis but that it was easier to trade on Tuesday than in recent days. "Some people do seem to be willing to take a punt in the market due to the fact that they think things have been overdone," he said.

In Frankfurt, public authority bonds rose in light trading. Long maturities rose by as much as 40 basis points. The federal government's latest 64 percent 1997 bond rose 35 basis points to be fixed at 97.95, yielding 7.04 percent, compared with 7.09 percent on Monday.

Resistance Remains to a Japanese Rate Rise

TOKYO — Any move by the Bank of Japan to raise the discount rate to avoid a rekindling of inflation will face strong political resistance at home and overseas, economists say.

They said that the central bank, concerned about the effects of continuing sharp increases in Japanese money supply, might want to tighten credit and thus dampen spending. But there has been pressure from the United States and the Finance Ministry to keep the rate stable.

"The Bank of Japan should have raised the discount rate in July when signs of an inflationary threat began to emerge," said Johnsen Takahashi, chief economist at Mitsubishi Research Institute.

Finance Ministry officials noted that the United States had asked Japan not to tighten credit to main-

tain the current differential between Japan and U.S. interest rates. A relatively high differential, now at about 4 percentage points, increases demand for dollars to invest in the higher-yielding assets.

Prompted by a record low 2.5 percent discount rate, Japanese money supply has grown at an annual rate of over 10 percent for the past four months, and the wholesale price index showed month-on-month increases from June through August.

Figures released on Tuesday showed that the wholesale price index fell 0.1 percent in September and 0.2 percent from the same month last year. In fact, prices have been falling from year-earlier levels for the past 28 months.

But a central bank official said upward pressure on wholesale prices may come in October. Also, just before the wholesale price fig-

ures were announced, the Bank of Japan governor, Satoru Sumita, said that he was worried more before about rising Japanese prices and would watch prices carefully.

"Inflationary expectations are in fact getting stronger as economic recovery firms, and it may be advisable to raise the discount rate marginally to preclude that," said Kosaku Furuta, chief economist at Dai-ichi Kangyo Bank Ltd.

But Kiichi Miyazawa, the finance minister, said recently that the Japanese economy "still has ample supply to match demand, and any concern about a resurgence of inflation will prove to have been needless."

A senior source at the Bank of Japan said that although the bank currently has no plans to raise the discount rate, it would do so if concern about inflation over the entire domestic economy emerged.

Tuesday's OTC Prices NASDAQ prices as of 4 p.m. New York time. Via The Associated Press

Table with columns: Stock, Div. Yld., High, Low, 4 P.M. Close

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WORLD STOCK IN REVIEW

Table with columns: Stock, Div. Yld., High, Low, 4 P.M. Close

Japan, Australia Protest U.S. Trade Practices

GENEVA — Japan and Australia lodged public complaints against the United States on Tuesday for what they consider to be unfair trade practices, a spokesman for the international trade body GATT said.

Kidder to Cut 100 Jobs in Municipal Bond Unit

NEW YORK — Kidder, Peabody & Co. said Tuesday that it would reduce its 280-person municipal bond department work force by 100 positions. The move by General Electric Co.'s securities subsidiary came a day after Salomon Inc. announced it planned to leave the municipal bond business and lay off 800 workers.

Time Inc. Profit Fell

NEW YORK — Time Inc. said Tuesday that its third-quarter profit dropped 70 percent to \$74 million from \$252 million the year before, largely because the 1986 period included an extraordinary gain from the initial public offering of its cable television company.

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TOKYO — Any move by the Bank of Japan to raise the discount rate to avoid a rekindling of inflation will face strong political resistance at home and overseas, economists say.

Analysts See a Temporary Lull in the Currency-Options Boom

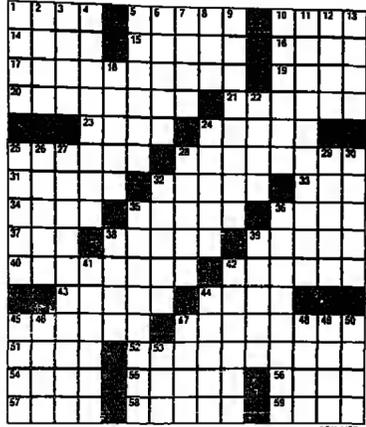
PHILADELPHIA — The recent explosive growth in foreign-currency options will probably slow in the next year because of reduced currency volatility, according to options analysts.

Market in 'Chaos' As the Lebanese Pound Dips 2.5%

BEIRUT — The Lebanese pound took another tumble against the U.S. dollar on Tuesday, forcing banks here to halt pound trading for an hour to try to stem the collapse.

Dollar Closes Higher in Slow Trading

NEW YORK — The dollar closed slightly higher Tuesday as major foreign currencies traded in a narrow range.



**ACROSS**

1 Purser or King hazard  
5 Open window  
10 Carbonize  
14 Aldrich's "The Story of..."  
15 Like certain beavers  
16 Ethereal  
17 Part of T.L.C.  
19 "Lovers"  
20 Eye, ear, nose, etc.  
21 Baldwin's, e.g.  
24 Ermine in summer  
25 Put side by side  
28 Sutures  
31 He wrote "The Valley" in 1968  
32 Thut-skinned places  
33 Rourke's nest egg; Abbr.  
34 Psyche's beloved  
35 Emulate a limpet  
36 Fast breaker  
37 Ignited  
38 Arm  
39 Billiard shot  
40 Refinement  
42 Nondisputable things  
43 Use a horrible group

**DOWN**

1 Veal source  
2 Hautboy  
3 Etienne outfit  
4 Publications  
5 M.D. or D.D.S.  
6 Where the Marx Brothers spent a day  
7 Arabun chieftains  
8 Chemin de igombing  
9 Physician's activity  
10 Cap worn in the Middle East  
11 Leading the "in-the-pink" group  
12 "Comus" computer  
13 These cross the bar  
18 She gives T.L.C.  
22 Kitchenware  
24 Task  
25 White popular cosmetics  
26 Problem for Pauline  
27 On guard  
28 "Rise and Shine"  
29 Clean the slate  
30 Soupy of TV  
32 Rasher or collop  
35 Comforts  
36 Large, powerful dogs  
38 Show signs of exertion  
39 Shawl or horse blanket  
41 Equipped  
42 Present and past  
44 His product may be stolen  
45 Lucite  
46 Poet translated by Fitzgerald  
47 Cornea irritant  
48 Break a habit  
49 Withered  
50 Cezanne's "Boy in Vest"  
53 Ending for mail or herb

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PEANUTS



BLONDIE



BEEBLE BAILEY



ANDY CAPP



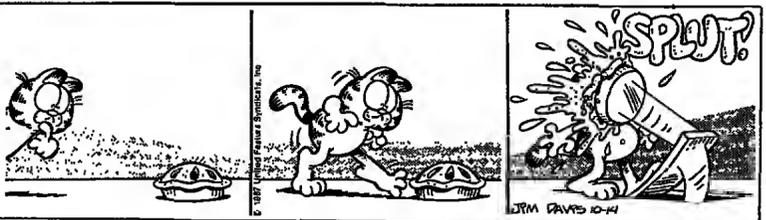
WIZARD OF ID



REX MORGAN



GARFIELD



BOOKS

LEAVING HOME

By Garrison Keillor. 244 pages. \$18.95. Viking Inc., 40 West 23d Street, New York, N. Y. 10010.

Reviewed by Webster Schott

WRITERS LIKE Garrison Keillor only come around every 10 or 20 years. When they do they're not immediately recognized for what they really are, social lightning rods. They practice deception.

If you doubt this think about Will Rogers or Robert Benchley, James Thurber or Damon Runyon. Cowbey, actor, cartoonist, sports writer, to mention a few disguises. And all writers to whom Keillor, the laid-back oracle of "A Prairie Home Companion," may owe more than a nod.

While most of the world may know Keillor best as Minnesota Public Radio's superstar anchorman-entertainer, he is in fact a dead serious comic writer (he began at least 15 years ago with The New Yorker) whose true calling is the half-loving, half-satirical onslaught of Grant Wood's America (Norwegian-Swedish division).

Garrison Keillor creates a world. And he inhabits it with vital imaginary people who behave according to values Keillor whittles sentences to define for us. His Lake Wobegon, Minnesota, is as palpable as William Faulkner's Yoknapatawpha County, Mississippi in most ways its antithesis even though sensible people don't compare the merits of comedy and tragedy.

Keillor is probably not Nobel Prize-bound. But witnesses say some of his three million loyalists wept when he left public radio and the Disney chapel for Denmark last June. He has touched something important, perhaps even deep, in the psyche of America. What it is lies near the center of these 36 stories, all originally delivered (without the dirty words, I assume) as monologues by Keillor during his 13 years on "A Prairie Home Companion." They tell of a much easier time and simpler place than ours, when the only drug to worry about was alcohol and the only crook in town was a stranger passing through too fast in a Lincoln Continental ("The Speeding Ticket") who got even by selling the cops \$20 bottles of tonic to reverse the effects of aging. But Keillor is deceptive, remember?

These stories are also about psychological persecution and the fear of change, the provincial arrogance of city folk, and the tyranny practiced by aging parents on adult children. Reading Garrison Keillor's lead lives of quiet desperation. They don't live in paradise either. They live in another kind of metaphor for our own lives, with the terrors reduced mostly to owl lives, with the terrors raised the kids, getting along with your mate, raising the kids, resisting progress and guarding against shame, and accepting the ultimate fate—life's end.

Webster Schott lives and writes in Lake Quivira, Kansas. He wrote this review for The Washington Post.

BEST SELLERS

The New York Times

This list is based on reports from more than 2,000 bookstores throughout the United States. Week-to-week list not necessarily consecutive.

Rank	Week	Week on List	Title	Author
1	1	1	PRESUMED INNOCENT	Scott Turow
2	1	1	PATRIOT GAMES	Tom Clancy
3	1	1	HEAVEN AND HELL	John Jakes
4	1	1	LEAVING HOME	Garrison Keillor
5	1	1	BELIEVED	Tom Montoya
6	1	1	SARUM	Edward Rutherfurd
7	1	1	LEGACY	James A. Michener
8	1	1	MISERY	Stephen King
9	1	1	HOT FLASHES	Barbara Rubin
10	1	1	FREEDOM	William Safire
11	1	1	THE NEW BREED	W. E. B. Griffin
12	1	1	TEAM YANKEE	Harold G. Davis
13	1	1	THE FIVE BELLS AND BLADES	Paul Conroy
14	1	1	THE FIVE BELLS AND BLADES	Paul Conroy
15	1	1	THE FIVE BELLS AND BLADES	Paul Conroy

NONFICTION

Rank	Week	Week on List	Title	Author
1	1	1	SPYCATCHER	Peter Wright with Paul Greenberg
2	1	1	MAN OF THE HOUSE	The Life and Political Memoirs of Speaker Tip O'Neill, with William Novak
3	1	1	TIME IS	by Bill Cosby
4	1	1	THE CLOSING OF THE AMERICAN MIND	by Allan Bloom
5	1	1	FAMILY	The Tie That Binds and Gag!, by Emma Bonaccini
6	1	1	IT'S ALL IN THE PLAYING	by Shirley MacLaine
7	1	1	THE MARKING OF THE AFRICAN QUEEN	by Katherine Hepburn
8	1	1	THE GREAT DEPRESSION OF 1980	by Robert R. Milder
9	1	1	CULTURAL LITERACY	by E.D. Hirsch Jr.
10	1	1	LOVE, MEDICINE & MIRACLES	by Robert S. Sigel
11	1	1	STRAIGHT ON TILL MORNING	by Mary S. Lovell
12	1	1	THE PREFERENT DRUG	by M. Scott Peck
13	1	1	AN AMERICAN CHILDHOOD	by Anne Moody
14	1	1	CALL ME ANNA	by Fanny Duke and Kenneth Turan
15	1	1	A DAY IN THE LIFE OF AMERICA	by The New World Dictationary (Simon & Schuster)

ADVICE, HOW-TO AND MISCELLANEOUS

Rank	Week	Week on List	Title	Author
1	1	1	WEBSTER'S NINTH NEW COLLEGIATE DICTIONARY	Merriam-Webster
2	1	1	THE SWEET CHOLESTEROL CURE	by Robert E. Kowalski
3	1	1	HOW TO MARRY THE MAN OF YOUR CHOICE	by Margaret Kent
4	1	1	WEBSTER'S NEW WORLD DICTIONARY	Simon & Schuster
5	1	1	MINDING THE BODY, MENDING THE MIND	by Jean Sorenson with Larry Roberts

Solution to Previous Puzzle

A	F	A	R	O	M	A	H	E	R			
L	O	S	E	R	A	M	O	N	A	X	E	L
E	X	A	S	P	E	R	A	T	E	Z	A	M
E	X	P	O	R	T	E	R	S	P	I	O	T
O	C	E	A	N	O	E	L	S	T	I	N	G
S	E	X	T	E	T	R	O	L	F	R	O	E
A	S	H	E	L	I	T	E	S	A	T	E	
K	A	L	A	L	A	S	G	R	A	T	E	
A	R	L	E	S	N	E	G	E	W	E	R	S
A	L	I	C	E	L	E	A	H				
U	P	R	O	A	R	P	A	N	D	O	R	A
R	E	A	P	E	X	T	E	R	A	T	E	
A	R	T	E	M	I	N	C	E	S	I	T	E
L	I	E	D	E	R							

BRIDGE

By Alan Truscott

SOME of the finest plays in the game are extremely simple, but since they run against instinct some creative imagination is needed.

One such move in defense occurred on the diagrammed deal in the 1986 world championship in Miami Beach and recently received the International Precision Press Association's Precision Award for the best defense of the year.

The occasion was a Rosenblum Cup match between France and the Netherlands. The opening bid by the Dutch North was the strong artificial variety, and his partner showed moderate values by doubling the oob-heart overcall. West would have come to no harm in two clubs, which would have failed by one trick.

North-South came to rest in three oob-trump in the absence of a fit. They were actually helped by the overall which allowed them to avoid a heart contract. After the lead of the club ten, it might seem that South was in good shape. East can win the club queen, but West's clubs are shut out. Two club tricks, a diamond and a heart seem to be the limit for the defense. But the French East, Michel Lebel, made a remarkable play. When a low card was played from the dummy, he played the two instead of the routine third-hand-high play of the queen. It is hard to blame South for winning the trick, but when he did so he was doomed. As soon as East gained the lead, he could play the club queen and his partner could overtake to run the suit. Lebel knew of course that South had the jack of clubs. If he also held the ace, the queen was unimportant. So he found a way to drive out the jack and preserve the defensive communications.

South might conceivably have refused to win, reasoning that his only real chance of collecting nine tricks was that East had made a fine third hand play. Allowing the ten to win would have given South's claim to the best play of the year, countering the best defense of the year.

NORTH

♠ AK10  
♥ AKJ4  
♦ AK10985  
♣ K7

EAST

♠ 8543  
♥ 10983  
♦ AQ2  
♣ Q

SOUTH

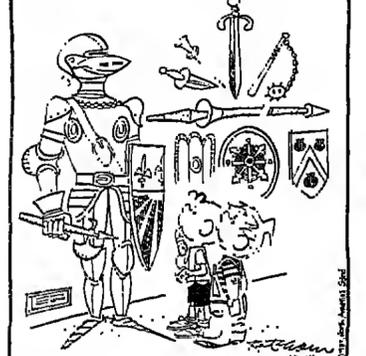
♠ AQJ  
♥ 10752  
♦ 9864  
♣ J54

West side was vulnerable.

North East South West  
1 ♠ 10 ♠ 2 ♠ 2 ♠  
2 ♠ 2 ♠ 3 ♠ 3 ♠  
3 ♠ 3 ♠ 3 ♠ 3 ♠  
Pass Pass 3NT Pass

West led the club ten.

DENNIS THE MENACE



"IN THE OLDEN DAYS, THAT'S WHAT DEEP-SEA DIVERS WORE TO KEEP THE SHARKS FROM BITING THEM."

JUMBLE

Unscramble these four Jumbles. One letter to each square. To form four ordinary words.

GLECY  
KUYDS  
SNIDUM  
TENTIK

ANSWER: YOUR OUT

WEATHER

EUROPE	HIGH	LOW	ASIA	HIGH	LOW
Amsterdam	12	5	Beijing	12	4
Berlin	11	4	Bombay	11	4
London	10	3	Calcutta	10	3
Paris	10	3	Delhi	10	3
Rome	10	3	Guangzhou	10	3
Stockholm	10	3	Hong Kong	10	3
Washington	10	3	Kobe	10	3
Yokohama	10	3	Tokyo	10	3

World Stock Markets

Via Agence France Presse Closing prices in local currencies, Oct. 13.

Market	Index	Change
Amsterdam	3,810	+10
London	2,710	+10
Paris	1,450	+10
Frankfurt	1,250	+10
Brussels	1,150	+10
Hong Kong	1,050	+10
Stockholm	950	+10
Oslo	850	+10
Copenhagen	750	+10
Stock Exchange	650	+10
London	550	+10
Paris	450	+10
Frankfurt	350	+10
Brussels	250	+10
Hong Kong	150	+10
Stockholm	50	+10
Oslo	40	+10
Copenhagen	30	+10
Stock Exchange	20	+10

Markets Closed

The stock markets in Sao Paulo and Montreal were closed Monday for holidays.

Market	Index	Change
Sao Paulo	1,200	+10
Montreal	1,100	+10
Tokyo	1,000	+10
Hong Kong	900	+10
Stockholm	800	+10
Oslo	700	+10
Copenhagen	600	+10
Stock Exchange	500	+10
London	400	+10
Paris	300	+10
Frankfurt	200	+10
Brussels	100	+10
Hong Kong	50	+10
Stockholm	40	+10
Oslo	30	+10
Copenhagen	20	+10
Stock Exchange	10	+10

Canadian stocks via AP

Symbol	Price	Change
Alcan	28.50	+0.25
Bell	45.00	+0.50
Imperial Oil	32.00	+0.25
Inco	25.00	+0.25
Noranda	18.00	+0.25
Pacifi	15.00	+0.25
Placer	12.00	+0.25
Quebec	10.00	+0.25
Scotiabank	8.00	+0.25
Shaw	7.00	+0.25
Stelco	6.00	+0.25
Telus	5.00	+0.25
Westbank	4.00	+0.25
Xerox	3.00	+0.25
Yukon	2.00	+0.25

Mon days

in the Trib

Get the latest word from

William Safire on Language.



